



Corporate Governance

Integrated Report
2018

General

ASML Holding N.V. is a public limited liability company operating under Dutch law and has a two-tier board structure with a board of management responsible for managing the company under supervision of an independent supervisory board. ASML's shares are listed on Euronext Amsterdam and NASDAQ. The address of our registered office is De Run 6501, 5504 DR Veldhoven, the Netherlands (Tel.: +31 40 268 3000).

We endorse the importance of good corporate governance, of which independence, accountability and transparency are the most significant elements. These are also the elements on which a relationship of trust between us and all our stakeholders (employees, customers, suppliers, shareholders and the public) can be built.

We continuously monitor and assess applicable Dutch, US and other relevant corporate governance codes, rules, and regulations. ASML is subject to the Dutch Corporate Governance Code, and because we are listed on NASDAQ, we are also required to comply with the Sarbanes-Oxley Act, as well as NASDAQ Listing Rules, and the rules and regulations promulgated by the SEC.

Our SB and BoM will continue their efforts to ensure that our practices and procedures comply with the applicable rules and regulations, including the Code. This section of the report addresses our corporate governance structure, part of which refers to the principles and best practices set forth in the Code, as well as applicable laws on corporate governance. Our SB and BoM are of the opinion that we comply with all recommendations in the Code.

Board of Management

Role and procedure

ASML's BoM is responsible for managing ASML, under the chairmanship of the President and CEO, and the vice chairmanship of the President and CTO, which together constitutes a dual leadership. The current BoM comprises 6 members.

Although the various management tasks are divided among the members of the BoM, the BoM remains collectively responsible for the management of ASML, establishing a position on the relevance of long-term value creation for ASML and its business, 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 SB and the General Meeting of Shareholders for the performance of its management tasks.

The SB supervises and advises the BoM in the execution of its tasks and responsibilities, while the BoM provides the SB with all the information, in writing or otherwise, necessary for the SB to fulfill its duties. Besides the information provided in the regular meetings, the BoM provides the SB with regular updates on developments relating to our business, financials, operations, and industry developments in general.

Important decisions of the BoM that require the approval of the SB are, among others:

- ASML's operational and financial objectives.
- The strategy designed to achieve the objectives.
- The parameters to be applied in relation to the strategy designed to achieve the objectives.
- 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 Management Board Report. The Management Board Report - Risk Factors included in this 2018 Integrated Report outlines the sensitivity of the results to both external and internal factors and variables.

The BoM's rules of procedure include such matters as the general responsibilities of the BoM, the relationship with the SB and various stakeholders, the decision-making process within the BoM, and the logistics surrounding the meetings. The BoM's rules of procedure are published in the Governance section on our Website.

Appointment, other functions

Members of the BoM are appointed by the SB 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, after which reappointment is possible.

The SB may suspend and dismiss members of the BoM, but this can only be done 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 large companies (within the meaning of Dutch Corporate Law). 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 SB. Members of the BoM are also required to notify the SB of other important functions held or to be held by them. Currently, no members of our BoM hold more than two 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 on the 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 percent of the seats are filled by men and at least 30 percent are filled by women. Within the meaning of this legislation, our SB currently qualifies as balanced, but no seats are taken by women on the BoM. As such the BoM would not qualify as balanced. We have the ambition to meet the statutory requirements for ensuring a balanced gender representation. In a technology environment such as the environment ASML operates in this has proven to be challenging. For that reason and in order to increase gender diversity in the BoM, we have a specific program in place to improve gender diversity, aimed at getting women more interested in science, engineering and technology. In this way, we try to increase the number of women throughout ASML and by doing so increase our future talent pool so that more women will be available in the future for technical positions and (senior) management positions. Given the specific nature of our industry, this is a long-term process. Female participation in our total workforce has improved. Our percentage of female employees increased from 11 percent in 2010 to 16 percent in 2018. For more information on our diversity and inclusion initiatives and performance data, see Management Board Report - People - Promoting diversity and inclusion and Non-Financial Statements - Non-financial Indicators - People.

ASML Reports

ASML publishes, among others, the following annual reports regarding the financial year 2018: the Integrated Report comprising the Management Board Report and the Financial Statements in accordance with Part 9 of Book 2 of the Dutch Civil Code and IFRS-EU, as well as the SB Report in accordance with the Code; and the Integrated Report on Form 20-F in conformity with US GAAP. Both reports have the same qualitative base and describe the same risk factors that are specific to the semiconductor industry, ASML and ASML's shares. We also provide sensitivity analyses by providing:

- A narrative explanation of ASML's financial statements.
- The context within which financial information should be analyzed.
- Information about the quality, and variability, of our earnings and cash flow.

With respect to the process of creating the Integrated Report, we have extensive guidelines for the lay-out and the content of our report. These guidelines are primarily based on applicable laws and regulations. For Dutch statutory purposes, we follow the requirements of Dutch law and regulations, including those on the preparation of the consolidated financial statements in accordance with IFRS-EU. For the Integrated Report on Form 20-F, we apply the requirements of the Exchange Act, and prepare the financial statements included therein in accordance with US GAAP. With respect to the preparation process of these and the other financial reports, we apply internal procedures to safeguard the completeness and accuracy of such information as part of its disclosure controls and procedures.

See also Management Board Report - Business Risk and Continuity where ASML's internal risk management and control systems are discussed.

Code of Conduct

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

- We respect people and planet.
- We operate with integrity.
- We preserve our assets.
- We manage professionally.
- We encourage Speak Up.

The Code of Conduct and Business Principles can be found on the Governance section of our Website.

Remuneration of the Board of Management

For detailed information see Supervisory Board Report - Remuneration Report and Other Appendices - Appendix - Board of Management and Supervisory Board Remuneration.

Indemnification

Our 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 SB 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 Dutch law and the principles and best practice provisions of the Code with respect to conflicts of interest.

There have been no transactions in 2018, nor are there currently any 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.

Supervisory Board

Role and procedure

As mentioned before, our SB supervises the BoM and the general course of affairs of ASML and its subsidiaries. The SB also supports the BoM with its advice. As we have and intend to keep a two-tier structure, the SB is a separate and independent body from the BoM and from ASML.

In fulfilling its role and responsibilities, the SB takes into consideration the interests of ASML and its subsidiaries, as well as the relevant interests of its stakeholders. The SB supervises how the BoM determines its position on the long-term value creation strategy and how the BoM implements that strategy. The SB 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.
- ASML's culture and the activities of the BoM in that regard.
- Compliance with applicable legislation and regulations.
- The relationship with shareholders and other stakeholders.
- The corporate social responsibility issues important for ASML.

Major management decisions, such as ASML's strategy, major investments and budget, require the SB's approval. The SB 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 SB is the body that nominates new SB candidates for appointment and submits remuneration proposals for the SB members to the General Meeting of Shareholders.

The SB, 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 SB's activities in the area of corporate governance, see Supervisory Board Report.

Meetings and activities of the Supervisory Board

For detailed information on the meetings and activities of the SB in 2018, see Supervisory Board Report - Meetings and Attendance.

The rules of procedure

The SB's rules of procedure include requirements based on the Code, the Sarbanes-Oxley Act and on any other applicable laws, as well as corporate governance practices developed by the SB over the years. Given the continuous developments in corporate governance, these rules of procedure are subject to regular review. Items covered in these rules include the responsibilities of the SB and its committees, the composition of the SB and its committees, logistics surrounding the meetings, the meeting attendance of members of the SB, and the rotation schedule for these members.

The SB's rules of procedure also include the charters of the four committees. The SB has assigned some of its tasks and responsibilities to the four committees. That said, the plenary SB remains responsible for the fulfillment of these tasks and responsibilities. The SB and its committees may obtain information from officers and external advisers, if necessary for the execution of its tasks. The committees in particular occasionally call upon external advisers, who assist the committees with preparing the recommendations to be decided upon by the full SB.

The SB's rules of procedure, as well as the charters of the four committees, are regularly reviewed and, if needed, amended. Changes to the SB's rules of procedure need to be approved by the full SB. Changes to 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. The SB's rules of procedure, and those of the four committees, were revised in 2017 pursuant to the amended Code and to ensure that our practices and procedures comply with Dutch corporate governance requirements.

Expertise, composition, appointment

The SB currently consists of eight members, the minimum being three members. The SB determines the number of SB members required to perform its functions.

The members of the SB show a diverse mix with respect to background, nationality, age, gender and expertise, in line with the diversity policy as included in the current profile drawn up by the SB. The aim of this profile is to ensure that the SB has an international and fitting composition that reflects our global business activities and has a suitable level of experience in the financial, economic, technological, social, and legal aspects of international business. In the case of (re)appointments, the Selection and Nomination Committee checks whether the candidates fit the SB's profile. See also Supervisory Board Report - Composition, Diversity and Independence.

We are subject to the law applicable to large corporations (*'structuurregime'*). As such, members of the SB are appointed by the General Meeting of Shareholders based on binding nominations proposed by the SB. The SB informs the General Meeting of Shareholders and the Works Council about upcoming retirements by rotation at the AGM in the year preceding the actual retirement(s) by rotation. This ensures they have sufficient opportunity to recommend candidates for the upcoming vacancies. The SB 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 SB. This enhanced recommendation right implies that the SB may only reject the Works Council's recommendations in limited circumstances: (i) if the relevant person is unsuitable or (ii) if the SB would not be duly composed if the recommended person were appointed as SB member.

The General Meeting of Shareholders may reject binding nominations of the SB by way of a resolution adopted with an absolute majority of the votes cast, 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.

Ms. Aris and Ms. Kelly were (re)appointed as per the Works Council's enhanced recommendation right.

For newly appointed SB members, an introduction program is prepared, which is aimed at effectively familiarizing new members with all aspects of ASML. SB members are regularly given the opportunity to follow technical tutorials to maintain and increase their knowledge of our ever progressing technology. In addition, specific training is also provided for new committee members based on individual needs. Every year, the SB and / or committees members determine their need for further training on specific topics.

Members of the SB serve for a maximum term of four years from the date of their appointment or a shorter period as per the SB's rotation schedule. Members can be reappointed, provided that their entire term of office does not exceed 12 years. A member of the SB may be reappointed once for another four-year period. After that, the member may subsequently be reappointed again for a period of two years; this appointment may be extended for a final term of no more than two years. The rotation schedule is available in the Corporate Governance section on our Website.

The General Meeting of Shareholders may, by an absolute majority of the votes representing at least one-third of the total outstanding capital, withdraw its confidence in the SB. This resolution shall result in the immediate dismissal of the entire SB. In such case, the Enterprise Chamber of the Amsterdam Court of Appeal shall appoint one or more members to the SB 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 the case of a one-tier board) of a large company, may hold. None of the members of the SB is in violation of these rules.

For detailed information on the members of our SB, see Supervisory Board Report - Supervisory Board.

Role of the Chairman of the Supervisory Board and the Company Secretary

Mr. Kleisterlee is the Chairman of the SB and Mr. Grose is the Vice Chairman. The role and responsibilities of the Chairman of the SB are described in its rules of procedure. The Chairman sets the agenda of the SB meetings, acts as the main point of contact between the SB and the BoM and ensures orderly and efficient proceedings at General Meetings of Shareholders. The Chairman will, among other responsibilities, also ensure that:

- The members of the SB follow an introduction and training program;
- The SB elects a vice chairman;
- The members of the SB receive all information necessary for the proper performance of their duties on a timely basis;
- There is enough time for consultation and decision-making by the SB;
- The committees function properly;
- The BoM performs activities in respect of culture;
- The communication with our shareholders is effective;
- The performance of the members of the BoM and the SB members is assessed at least once a year; and
- The SB has proper contact with the BoM and the Works Council.

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

Composition and role of the four committees of the Supervisory Board

In the plenary SB meetings, the chairpersons of the four committees report on the issues and items discussed in the committee meetings. In addition, the minutes of the committee meetings are made available to all SB members, enabling the full SB to make the appropriate decisions.

For detailed information on the composition, meetings and activities of the committees of the SB, see Supervisory Board Report - Supervisory Board Committees.

Audit Committee

In general, the Audit Committee meets at least four times a year and always before the publication of the quarterly, half-year and annual financial results.

The Audit Committee assists the SB in overseeing the integrity and quality of our financial reporting and the effectiveness of the internal risk management and internal control systems. Frequently discussed topics are the annual results, the audits and the internal and external audit plans and their execution, our internal control systems, including testing of internal controls over financial reporting in light of Section 404, 302 and 906 of the Sarbanes-Oxley Act, our risk management systems, and our financial- and cash position, our long-term financial plan and the supervision of the enforcement of the relevant legislation and regulations.

We provide the Audit Committee with all relevant information to be able to adequately and efficiently supervise the preparation and disclosure of financial information. This includes information on the status and development of the (semiconductor) market to be able to judge the outlook and budget for the next 6-12 months, the application of IFRS-EU and US GAAP, the choice of accounting policies and the work of internal and external auditors. Each year, the Audit Committee discusses and reviews such matters as our financing policy and strategy, tax planning policy, investor relations activities and strategy, fraud policy, and information and communication technology policy.

With regard to internal audit, the Audit Committee reviews the internal audit charter, the internal audit plan and the interaction with the external auditor. As a general rule, the internal auditor attends the Audit Committee meetings and then meets with the Audit Committee after the meeting without management present.

The Audit Committee reviews and approves the external audit plan, including the scope of the audit, the materiality level and the fees of the external auditor, as well as the external auditor's independence and performance regarding audit and permitted non-audit services. 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 attends the Audit Committee meetings and then meets with the Audit Committee after the meeting without management present to discuss the relationship between the Audit Committee and the external auditor, the relationship between the BoM and the external auditor, and any other matters deemed necessary to be discussed.

In addition to the internal auditor and the external auditor, the Audit Committee generally invites the CEO, CFO, Corporate Controller, Corporate Chief Accountant and Vice-President Corporate Risk and Assurance to its meetings. In general, after each Audit Committee meeting, the Audit Committee also meets with the CFO alone. From time to time, other ASML employees are invited to Audit Committee meetings to address subjects that are of importance to the Audit Committee such as the return policy (including the share buyback program), tax and IT.

Remuneration Committee

In general, the Remuneration Committee meets at least two times a year and more frequently when deemed necessary.

The Remuneration Committee oversees the development and implementation of the Remuneration Policy. In cooperation with the Audit Committee and the Technology Committee, the Remuneration Committee reviews and proposes to the SB corporate goals and objectives relevant to the variable part of the BoM's remuneration. Before proposing these corporate goals and objectives to the SB for approval, the Remuneration Committee carries out scenario analyses of the possible financial outcomes on the variable remuneration of meeting these goals, as well as exceeding these goals. Also in cooperation with the Audit Committee and the Technology 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 SB appropriate compensation levels for the members of the BoM. In doing so, the Remuneration Committee takes note of the views of the individual members of the BoM with regard to the amount and structure of their own remuneration.

Selection and Nomination Committee

In general, the Selection and Nomination Committee meets at least two times a year and more frequently when deemed necessary.

The Selection and Nomination Committee assists the SB with:

- Preparing the selection criteria and appointment procedures for members of the SB and BoM.
- Periodically evaluating the scope and composition of the BoM and the SB, and proposing the profile of the SB in relation thereto.
- Periodically evaluating the functioning of the BoM and the SB and the individual members of those boards and reporting the results thereof to the SB.
- Proposing (re)appointments of members of the BoM and the SB, and supervising the policy of the BoM in relation to the selection and appointment criteria for senior management.

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

Technology Committee

The Technology Committee meets at least two times a year and more frequently when deemed necessary.

The Technology Committee provides advice to the SB with respect to our technology plans required to execute our business strategy, including but not limited to, technology trends, the study of potential alternative strategies, the technology strategy, product roadmaps, required technical resources and operational performance in R&D. The Technology Committee makes recommendations to the SB on technology related projects with respect to ASML's competitive position. In addition, the Technology Committee discusses the technology targets set to measure short- and long-term performance as well as the achievements related thereto, and advises the Remuneration Committee on this topic.

External experts as well as experts from within ASML may act as advisers to the Technology Committee with respect to the subjects reviewed and discussed by this committee. The advisers do not have voting rights, but regularly attend committee meetings (except for those meetings or calls specifically designated to set and / or evaluate technology targets). External experts may include representatives of customers, suppliers and partners to increase the committee's understanding of the technology and research required to develop our leading-edge systems.

The Technology Committee's in-depth technology discussions and the subsequent reporting on the main points of these discussions in the full SB increases the SB's understanding of our technology requirements and enables the SB to adequately supervise the strategic choices we face, including our investment in R&D.

Conflict of interest

Conflict of interest procedures are incorporated in the SB's rules of procedure, and address Dutch law and the principles and best-practice provisions of the Code with respect to conflicts of interest.

There have been no transactions during 2018, nor are there currently any transactions, between ASML or any of its subsidiaries, and any other significant shareholder, and any SB 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 SB members; this remuneration is not dependent on our (financial) results. The SB's remuneration was last revised in 2017. In addition to their fee as members of the SB, the members are also paid a fee for each committee membership, as well as a net cost allowance. Detailed information on the SB's remuneration can be found in Other Appendices - Appendix - Board of Management and Supervisory Board Remuneration.

No member of the SB personally maintains a business relationship with ASML, other than as a member of the SB.

The members of the SB do not receive ASML shares, or rights to acquire ASML shares, as part of their remuneration. Members who acquire or have acquired ASML shares or rights to acquire ASML shares must intend to keep these for long-term investment only. No member of the SB currently has any ASML shares or rights to acquire ASML shares. In concluding transactions in ASML shares, members of the SB must comply with our Insider Trading Rules.

We have not granted any personal loans, guarantees, or the like to members of the SB. Our Articles of Association provide for the indemnification of the members of the SB against claims that are a direct result of their tasks as members of the SB, provided that such claims are not attributable to willful misconduct or intentional recklessness of the member of the SB. We have also implemented the indemnification of the members of the SB by means of separate indemnification agreements for each member.

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, the Netherlands. During this meeting, at least the following items are discussed and / or approved:

- The written report of the BoM containing the course of affairs at ASML and the conduct of the management over the past financial year.
- The adoption of the financial statements for the past financial year, as prepared in accordance with applicable laws and regulations.
- 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 SB in respect of their supervision during the previous financial year.
- Our reserves and dividend policy and justification thereof by the BoM.
- Each material change in our corporate governance structure. The material changes in our corporate governance structure and ASML's compliance with the amended Code will be discussed at the AGM of 2019 as a separate agenda item.
- Any other item the BoM or the SB decide to put on the agenda.

The General Meeting of Shareholders also has (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 SB.
- To withdraw its confidence in the SB (resulting in a dismissal of the SB in its entirety).
- To adopt the Remuneration Policy for members of the BoM.
- To determine the remuneration of the members of the SB.
- To approve resolutions regarding a significant change in the identity or character of ASML or its business, as referred to in article 2:107 of the Dutch Civil Code.

Proposals placed on the agenda by the SB, the BoM, or by shareholders, provided that they have submitted the proposals in accordance with the applicable legal provisions, are discussed and resolved. 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 60 days before the date of said meeting.

A recurring agenda item is the limited authorization for the BoM to issue (rights to) shares in ASML's capital, and to exclude preemptive 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 preemptive 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 preemptive rights, a simple majority is required provided at least 50 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 SB for the issuance of ASML shares as well as for excluding the preemptive rights.

It is important for us to be able to issue (rights to) shares and to exclude the preemptive shareholders' rights in situations where it is imperative to be able to act quickly, for example when financial opportunities arise. This authorization has been used in the past, especially to optimize our financial position. Given the dynamics of the global capital markets, such financing transactions generally need to be executed within a short window of opportunity. The opportunity to issue shares or rights to shares, such as convertible bonds, would be limited if we needed a resolution of the General Meeting of Shareholders to issue shares and / or to exclude the shareholders' preemptive rights and may therefore interfere with the financial flexibility of ASML.

As communicated in our press release of January 23, 2019, a proposal will be submitted to the 2019 Annual General Meeting of Shareholders to declare a dividend in respect of 2018 of EUR 2.10 per ordinary share (for a total amount of approximately EUR 0.9 billion), compared with a dividend of EUR 1.40 per ordinary share paid in respect of 2017.

In addition to dividend payments, we intend to return cash to our shareholders on a regular basis through share buybacks or capital repayment, subject to our actual and anticipated level of liquidity requirements and other relevant factors.

On January 17, 2018, we announced a new share buyback program, to be executed within the 2018-2019 time frame. As part of this program, we intend to repurchase approximately EUR 2.5 billion of our own shares. We intend to cancel these shares after repurchase, with the exception of up to EUR 2.4 million shares, which will be used to cover employee share plans. Through December 31, 2018, we acquired 7 million shares under this program for a total consideration of EUR 1.1 billion. In January 2019, a number of 5,806,366 ordinary shares were canceled. The share buyback program may be suspended, modified or discontinued at any time.

Voting Rights

We are subject to the relevant provisions of Dutch law applicable to large corporations (the '*structuurregime*'). These provisions have the effect of concentrating control over certain corporate decisions and transactions in the hands of the SB. Members of the BoM are appointed by the SB. The SB shall notify the General Meeting of Shareholders of intended appointments to the BoM. General Meetings of Shareholders will be held at least once a year. We do not solicit from or nominate proxies for our shareholders. However, shareholders and other persons entitled to attend General Meetings of Shareholders may be represented by proxies.

EGMs may be held as often as deemed necessary by the SB or BoM and must be held if one or more ordinary or cumulative preference shareholders jointly representing at least 10 percent of the issued share capital make a written request to that effect to the SB and the BoM specifying in detail the business to be dealt with.

Resolutions are adopted at General Meetings of Shareholders by an absolute majority of the votes cast (except where a different proportion of votes are required by the Articles of Association or Dutch law), and there are generally no quorum requirements applicable to such meetings. In the General Meeting of Shareholders each share confers the right to cast one vote.

Logistics of the General Meeting of Shareholders

The convocation date for the AGM is legally set at 42 days, and the record date at the 28th day prior to the day of the AGM. Those who are registered as shareholders on the record date are entitled to attend the meeting and to exercise other shareholder rights.

The BoM and SB shall provide the shareholders with the facts and circumstances relevant to the proposed resolutions, by way of an explanation to the agenda and 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 Investors and Governance sections on our 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 at the AGM. We also use an Internet proxy voting system, thus facilitating shareholder participation without having to attend in person. Shareholders who voted using their Internet proxy voting are required, however, to appoint a proxy to officially represent them at the AGM in person. We also provide the option for shareholders to issue voting proxies or voting instructions to an independent third party (civil law notary) prior to the AGM.

Voting results from the AGM will be made available on our Website within 15 days of the meeting.

The draft minutes of the AGM are available on our Website, and also upon request by letter or e-mail, no later than 3 months after the meeting. Shareholders are given the opportunity to provide their comments in the subsequent 3 months, after which the minutes are adopted by the Chairman and the Secretary of the meeting. The adopted minutes are also available on our Website and on request by letter or e-mail.

Information to the shareholders

To ensure fair disclosure, we distribute 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 contact with shareholders, we follow the procedure related thereto as published on our Website.

When our annual and quarterly results are published by means of a press release, interested parties, including shareholders, can participate through conference calls, listen to a web cast and view the presentation of the results on our Website. The schedule for communicating the annual financial results is posted on our Website. In addition, we provide information to our shareholders at our AGM. We also publish an Integrated Report on our Website every year, reporting on financial and non-financial performance, as well as a Statutory Interim Report.

It is our policy to post the presentations given to analysts and investors at investor conferences on our Website. Information regarding presentations to investors and analysts and conference calls are announced in advance on our Website (for details see our financial calendar as published in the Investor Relations section on our Website). Meetings and discussions with investors and analysts will, in principle, not be held shortly before the publication of regular financial information. We do not assess, comment on, or correct analysts' reports and valuations in advance, other than to comment on factual errors. We do 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 AGM, the BoM and the SB provide shareholders with all requested information, unless this is contrary to an overriding interest of ASML. If this is the case, the BoM and SB will provide their reasons for not providing the requested information.

The Corporate Governance section on our Website also provides links to websites that contain information about ASML published or filed by ASML in accordance with applicable rules and regulations.

Our 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

It is important to us that our institutional investors participate in our General Meetings of Shareholders. To increase the participation rate, several measures have been taken, including providing Internet proxy voting. In addition, we actively approach our institutional investors to discuss their participation at the AGM.

The Audit of Financial Reporting and the Position of the Internal and External Auditor Function

Financial reporting

We have comprehensive internal procedures in place for the preparation and publication of our Integrated Report, quarterly figures, and all other financial information. These internal procedures are frequently discussed by the Audit Committee and the SB. The Disclosure Committee assists the BoM in overseeing ASML's disclosure activities and ensures compliance with applicable disclosure requirements arising under Dutch and US law, and other 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, among others, 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 SB has reviewed and approved, and all SB members signed, ASML's 2018 financial statements as prepared by the BoM. KPMG has duly examined our 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, our external auditor is appointed by the General Meeting of Shareholders and is nominated for appointment by the SB upon advice from the Audit Committee and the BoM. ASML's current external auditor, KPMG, was appointed by the General Meetings of Shareholders in 2017 for the reporting year 2018.

Every year, the BoM and the Audit Committee provide the SB with a report on the relationship with the external auditor.

The external auditor is present at our AGM to respond to questions, if any, from the shareholders about the auditor's report on the Consolidated Financial Statements.

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

The Audit Committee monitors compliance with Dutch and US 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 the Audit Committee meetings, unless the Audit Committee deems this unnecessary. The external auditor's findings are discussed at these meetings. Furthermore, the external auditor also attends the SB meetings in which the quarterly financial results are discussed.

The Audit Committee reports to the SB on all issues discussed with the external auditor, including the external auditor's reports with regard to the audit of the annual reports as well as the content of the annual reports. The independent auditor's report refers to materiality, scope of the group audit, the responsibilities of management, the SB and the external auditor for the financial statements, and reports on other legal and regulatory requirements.

For more information on principal accountant fees and services see Other Appendices - Appendix - Principal Accountant Fees and Services.

Internal Audit function

The Internal Audit function assesses our 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 the BoM. The department's annual Internal Audit plan is discussed with and approved by the Audit Committee, the BoM and the SB. The follow-up on the Internal Audit findings and progress being made compared to the Internal Audit plan are discussed on a quarterly basis with the Audit Committee. The external auditor and Internal Audit department have meetings on a regular basis.

Other Information on Governance

General

ASML Holding N.V. is a holding company that operates through its subsidiaries. We have operating subsidiaries in the Netherlands, the United States, Italy, France, Germany, the United Kingdom, Ireland, Belgium, Korea, Taiwan, Singapore, China, Hong Kong, Japan, Malaysia and Israel. Our major operating subsidiaries, each of which is ultimately wholly owned by ASML Holding N.V., are ASML Netherlands B.V., ASML Hong Kong Ltd. and ASML US LLC. See Exhibit Index - Exhibit 8.1 - List of main subsidiaries.

The EU Takeover Directive requires that listed companies publish additional information providing insight into the defensive structures and mechanisms they use. The relevant provision has been implemented into Dutch law by means of a decree made on April 5, 2006. The information required to be disclosed in accordance with this decree is listed below.

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. The BoM requires approval of the SB for such an issue. The authorization by the General Meeting of Shareholders can only be granted for a certain period not exceeding 5 years and may be extended for no longer than 5 years on each occasion. If the General Meeting of Shareholders has not authorized the BoM to issue shares, the General Meeting of Shareholders will be authorized to issue shares on the BoM's proposal, provided that the SB has approved such proposal.

Share capital

ASML's authorized share capital amounts to EUR 126.0 million 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.
- 9,000 Ordinary Shares B with a nominal value of EUR 0.01 each.

As of December 31, 2018, 431,465,767 ordinary shares with a nominal value of EUR 0.09 each were issued and fully paid up; this includes 10,368,038 treasury shares. No ordinary shares B and no cumulative preference shares have been issued.

A total of 96,566,077 depository receipts for ordinary shares were issued at the launch of the CCIP. This number has since decreased with the sell-down by the relevant customers following expiry of the lock-up. For further information see Reporting obligations under the Act on the supervision of financial markets ('Wet op het financieel toezicht', the FMSA) and under US securities laws below.

Ordinary shares

An ordinary share entitles the holder thereof to cast nine votes at the General Meeting of Shareholders. 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. Those 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 Depository Trust Company cannot hold fractional shares. At our 2018 AGM, the BoM was authorized from April 25, 2018 through October 25, 2019, subject to the approval of the SB, to issue shares and / or rights thereto representing up to a maximum of 5.0 percent of our issued share capital at April 25, 2018, plus an additional 5.0 percent of our issued share capital at April 25, 2018 that may be issued in connection with mergers, acquisitions and / or (strategic) alliances.

Holders of ASML's ordinary shares have a preemptive right, in proportion to the aggregate nominal amount of the ordinary shares held by them. This preemptive right may be restricted or excluded. Holders of ordinary shares do not have preemptive right with respect 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, the BoM has the power, subject to approval of the SB, to restrict or exclude the preemptive rights of holders of ordinary shares. At our 2018 AGM, our shareholders authorized the BoM through October 25, 2019, subject to approval of the SB, to restrict or exclude preemptive rights of holders of ordinary shares up to a maximum of 10 percent of our issued share capital.

We may repurchase our 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 SB and the authorization by the General Meeting of Shareholders, which authorization may not be for more than 18 months. At the 2018 AGM, the BoM has been authorized, subject to SB approval, to repurchase through October 25, 2019, up to a maximum of two times 10.0 percent of our issued share capital at April 25, 2018, 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.

For details on our share buyback program, see Consolidated Financial Statements - Notes to the Consolidated Financial Statements - Note 29 Purchases of equity securities by the issuer and affiliated purchasers.

Ordinary shares B

Our Articles of Association provide for 9,000 ordinary shares B with a nominal value of EUR 0.01. Each ordinary share B entitles the holder thereof to cast one vote at the General Meeting of Shareholders. Holders of fractional shares had the opportunity, until July 31, 2013, to convert fractional shares into ordinary shares B to obtain voting rights with respect to those fractional shares. No ordinary shares B have been issued.

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 with 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', prior to a Shareholder Agreement Termination Event except when a Suspension Event 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 preemption 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 9 votes in the General Meeting of Shareholders.

The Foundation may exercise the Preference Share Option in situations where, in the opinion of the Foundation's Board of Directors, 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 is announced or made, or there is a justified expectation 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 Foundation's Board of Directors, 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 Foundation's objectives 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 would be 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 SB. 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 result in 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 of 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 Netherlands' business and academic communities. The current members of the Foundation's Board of Directors are: Mr. A.P.M. van der Poel, Mr. S. Perrick, 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 ASML's Articles of Association, on the transfer of ordinary shares in the share capital of ASML. Pursuant to ASML's Articles of Association, the SB's approval 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) and under US securities laws

The following table sets forth the total number of ordinary shares owned by each shareholder that reported to the AFM or SEC a beneficial ownership of ordinary shares that is at least 3.0 percent (5.0 percent, in the case of the SEC) of our ordinary shares issued and outstanding as well as the ordinary shares (including shares underlying options) owned by our members of the BoM (which includes those persons specified in Management Board Report - Board of Management), as a group, as of December 31, 2018. The information set out below with respect to shareholders is based on public filings with the SEC and AFM as of January 31, 2019.

Identity of Person or Group	Shares Owned	Percent of Class ⁵
Capital Group International, Inc. ¹	64,679,514	15.36%
BlackRock Inc. ²	27,139,122	6.44%
Members of ASML's Board of Management (6 persons) ^{3,4}	84,933	0.02%

- As reported to the AFM on November 20, 2018, Capital Group International, Inc. and Capital Research & Management Company, which we believe to be an affiliate of Capital Group International, Inc., indirectly have 582,115,626 voting rights corresponding to 64,679,514 shares (based on 9 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 14, 2018, that it is the beneficial owner of 51,761,833 shares of our ordinary shares as a result of its affiliation with Capital Research & Management Company. In addition, the Growth Fund of America reported to the AFM on May 15, 2014 that it owns 3.08 percent of our outstanding shares. We believe that some or all of these shares are included within the shares reported to be owned by Capital Group International, Inc., as set forth above.
- Based solely on the Schedule 13-G/A filed by BlackRock Inc. with the SEC on January 30, 2018; BlackRock reports voting power with respect to 24,678,344 of these shares. A public filing with the AFM on August 1, 2018 shows aggregate holdings of various BlackRock funds of 4.92 percent, based on total number of issued shares at the time, and 6.21 percent in voting rights.
- Does not include unvested shares granted to members of the BoM. For further information see Supervisory Board Report - Remuneration Report and Other Appendices - Appendix - Board of Management and Supervisory Board Remuneration.
- No shares are owned by members of the SB.
- As a percentage of the total number of ordinary shares issued and outstanding (421,097,729) as of December 31, 2018, which excludes 10,368,038 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.

As of December 31, 2018, 71,710,774 ordinary shares were held by 325 registered holders with a registered address in the US. Since certain of our ordinary shares were held by brokers and nominees, the number of record holders in the US may not be representative of the number of beneficial holders or of where the beneficial holders are resident.

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 Corporate Governance - Board of Management.

Supervisory Board

The rules governing the appointment and dismissal of members of the SB are described in Corporate Governance - Supervisory Board.

Articles of Association

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

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.

A summary of our Articles of Association is included as Exhibit 99.1 to our form 6-K filed furnished with the SEC on February 8, 2013 (the 'Articles of Association').

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 member of the BoM concerned, a severance payment not exceeding one year's base salary will be paid upon the effective date of termination.

As of July 1, 2013, the relationship between a member of the BoM and a listed company can no longer be treated as an employment contract. All members of the BoM that were appointed and reappointed at the 2018 AGM have entered into a management services agreement.

Current contracts contain a provision that a member of the BoM, on their own initiative (when giving notice of termination pursuant to a change of control), will be entitled to a severance amount. Given that such a resignation is specifically linked to a change of control, ASML does not consider this provision a deviation from the Code.

NASDAQ Corporate Governance Standards

NASDAQ rules provide that foreign private issuers may follow home country practice in lieu of the NASDAQ corporate governance standards subject to certain exceptions and except to the extent that such exemptions would be contrary to US federal securities laws. The practices followed by ASML in lieu of NASDAQ rules are described below:

- ASML does not follow NASDAQ's quorum requirements applicable to meetings of ordinary shareholders. In accordance with Dutch law and generally accepted Dutch business practice, ASML's Articles of Association provide that there are no quorum requirements generally applicable to General Meetings of Shareholders.
- ASML does not follow NASDAQ's requirements regarding the solicitation of proxies and the provision of proxy statements for General Meetings of Shareholders. ASML does furnish proxy statements and solicit proxies for the General Meeting of Shareholders. Dutch corporate law sets a mandatory (participation and voting) record date for Dutch listed companies at the 28th day prior to the date of the General Meeting of Shareholders. Shareholders registered at such record date are entitled to attend and exercise their rights as shareholders at the General Meeting of Shareholders, regardless of sale of shares after the record date.
- ASML does not follow NASDAQ's requirement regarding distribution to shareholders of copies of an annual report containing audited Financial Statements prior to our AGM. The distribution of our Integrated Reports to shareholders is not required under Dutch corporate law or Dutch securities laws, or by Euronext Amsterdam. Furthermore, it is generally accepted business practice for Dutch companies not to distribute annual reports. In part, this is because the Dutch system of bearer shares has made it impractical to keep a current list of holders of the bearer shares in order to distribute the annual reports. Instead, we make our Integrated Report available at our corporate head office in the Netherlands (and at the offices of our Dutch listing agent as stated in the convening notice for the meeting) no later than 42 days prior to convocation of the AGM. In addition, we post a copy of our Integrated Reports on our Website prior to the AGM.
- ASML does not follow NASDAQ's requirement to obtain shareholder approval of stock option or purchase plans or other equity compensation arrangements available to officers, directors or employees. It is not required under Dutch law or generally accepted practice for Dutch companies to obtain shareholder approval of equity compensation arrangements available to officers, directors or employees. The AGM adopts the Remuneration Policy for the BoM, approves equity compensation arrangements for the BoM and approves the remuneration for the SB. The Remuneration Committee evaluates the achievements of individual members of the BoM with respect to the short and long-term quantitative performance, the full SB evaluates the quantitative performance criteria. Equity compensation arrangements for employees are adopted by the BoM within limits approved by the AGM.

Compliance with the Corporate Governance Code

ASML fully complies with the Code.

The Board of Management and the Supervisory Board,

Veldhoven, February 5, 2019

