

07



Sustainability Report 2007

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In this report “ASML” is sometimes used for convenience in contexts where reference is made to ASML Holding N.V. and/or any of its subsidiaries in general. It is also used where no useful purpose is served by identifying the particular company or companies.

Sustainability Charter ASML

The growth of the semiconductor industry is the result of the principle that the power, cost and time required for every computation on a digital electronic device can be reduced by shrinking the size of transistors on chips. Today's transistors are around 250 times smaller than they were in the early 1970s. Smaller geometries allow for much lower electrical currents. Unlike conventional industries, there is no linear connection between increasing computer performance and growing energy consumption. ASML's essential contribution to this process of energy efficiency is that its lithography machines are the cornerstone of the roadmap to smaller transistors on chips. Using advanced semiconductors in industrial and consumer products often provides economic benefits, user-friendliness and increased safety. It even enables more environmentally-friendly behavior, as evidenced by the growing popularity of telecommuting from home which would not be possible without the great strides in computing power made possible by advanced lithography from companies like ASML.

The semiconductor manufacturing process requires several steps, the most important of which are the creation of silicon crystal from molten silicon, imaging electronic circuits on the silicon wafer in a lithography machine with the help of laser light, etching and baking, and finally packaging and testing. Each process requires certain amounts of energy and chemicals. ASML's activities are restricted to the design, manufacture and support of lithography machines. This is a relatively limited energy, water and chemical-intensive process. To put this in perspective, the energy used by an ASML machine to produce a microprocessor has been calculated by ASML to be less than 0.01 percent of the energy used by that chip over its average five-year lifetime. The lithography steps in the chip manufacturing process make up less than 5 percent of the total energy consumption of a chip fabrication facility.

ASML is a moderate corporate consumer of energy. Within the European emission trade legislation ASML does not exceed threshold values for greenhouse gases such as carbon dioxide and nitrogen oxide and is therefore not obliged to take part in the emission trade system.

ASML's total waste disposal grew by a significant 24 percent in 2007. This was mainly caused by extraordinary cleaning activities to create more production space in the existing cleanrooms. Although the average waste quantity went up, the waste efficiency indicator only showed a slight increase. Chemicals used by ASML to test its machines are being trapped and recycled, while usage of heavy metals such as lead has been minimized.

Overall, ASML's greenhouse gas emissions increased in 2007 as a result of an increase in net sales. However, the energy efficiency indicator (energy use divided by net sales) remained approximately the same in 2007. There have been improvements in water and energy efficiency at ASML's worldwide facilities and in particular at its headquarters in Veldhoven where most research and development takes place and where machines are assembled. Furthermore ASML will start a company-wide initiative in 2008 to screen all company processes on their potential to lessen their environmental impact. Energy conservation may be possible in the cleanrooms and in the energy effectiveness of the machines ASML produces. With regards to the latter, ASML complies to standards set by SEMI, the global industry organization serving the advanced manufacturing supply chain, but potential beyond current industry standards will be investigated in 2008. A summary of SEMI's Global Care EHS initiative can be found on www.semi.org/globalcare

ASML believes energy conservation is the preferred route to limit the environmental impact of its business, and currently plans no investments in major new systems. However, ASML welcomes and supports any legislation that sets a level playing field for sustainable business practices.

Every quarter we compile an Environmental Health and Safety (EHS) report in which EHS figures and Key Performance Indicators (KPIs) are monitored. The month after the end of each quarter an ASML EHS meeting, chaired by a member of the Board of Management, is organized in which trends are discussed and actions are initiated. BSI Management Systems, an international auditing company, commented that "ASML implemented an effective environmental management system".

ASML is successful as a result of its employees' commitment and creativity. ASML supports and encourages continuous learning and development. In 2007, more than 500 training programs were attended by 6,300 employees, compared with 525 training programs attended by 4,600 employees in 2006. In the Wilton facility, nearly 1,300 employees (up from over 800 in 2006) were supported by partial funding from the Advanced Manufacturing Grant sponsored by the U.S. government. Employees were trained in various lean manufacturing techniques as well as Six Sigma quality practices. The learning@asml platform, launched in 2005, facilitates the search and selection of training. This platform includes a self-assessment module and a training catalogue with search options. It was used about 30,000 times in 2007, or an average of about 4 times per employee. In 2007, ASML spent approximately EUR 4.4 million on training, amounting to almost EUR 700 per payroll employee. On average, each employee received 20 hours of training.

ASML also recognizes the contribution of its employees with a substantial profit-sharing plan. ASML's strong results in 2007 meant that eligible employees received a profit-sharing bonus of 14 percent of their annual salary, compared with 12 and 8 percent in 2006 and 2005 respectively.

To our stakeholders

The business we are in is high tech and high trust.

Our clients choose ASML because they trust our leading edge technology to bring them the necessary progress in product performance or cost. We not only need the trust of clients, but also that of our other stakeholders, such as shareholders, employees, suppliers and society.

A basis for trust is transparency. This sustainability report aims to contribute to that and thus to the quality of the relationship with our stakeholders. We strive to give a balanced and complete picture of our performance and objectives in the material parts of what is increasingly being called "non-financial information".

Our sustainability areas of focus include our suppliers, employees and environment in general.

Secure management of our supply chain is a crucial aspect of our business. We want our suppliers to deliver high-quality products and services based on sound social and environmental values. We are piloting a new supply chain performance management toolset which covers important social themes. This toolset has been extended to allow assessment of a higher percentage of the supply base.

Access to the top talents on the labor market is a second focus area for us. We need the best people to develop and deliver our advanced technology systems. In order to stimulate Research and Development we not only invest in our own company, but also in the infrastructure around us.

Environmental performance of our own operations and of our products also remains a high priority within the company. We will further enhance our current practices in this respect in 2008.

We recognize that "non-financial aspects" are rising on the corporate agenda, on the investors' wish list and in civil society. We applaud this development. ASML is determined to uphold its high standards and to interact with all parties that have a legitimate interest in our company. We look forward to your comments and suggestions.



Eric Meurice,
President and Chief Executive Officer and
Chairman of the Board of Management,

ASML Holding N.V,
Veldhoven, 20 February 2008

Overview

In this sustainability report, ASML provides an overview of its policies and programs in 2007. This report is available in digital format only. Visit our website: www.asml.com

About ASML

ASML is the world's leading provider of lithography systems for the semiconductor industry, manufacturing complex machines critical to the production of integrated circuits or chips.

ASML technology transfers circuit patterns onto silicon wafers to make integrated circuits. This technology is central to making integrated circuits smaller, faster and cheaper.

Our technology is known as optical lithography. ASML systems are called steppers and Step & Scan tools (scanners). They use a photographic process to image nanometric circuit patterns onto a silicon wafer, much like a traditional camera prints an image on film.

Most of the major semiconductor manufacturers are ASML customers. We are committed to providing customers with the right technology that is production-ready at the right time. Doing so enables our customers and their customers to maintain their competitive edge.

ASML's largest business focuses on lithography systems for 200- and 300-millimeter diameter wafer manufacturing. An example of ASML's technology leadership is our immersion lithography system. It replaces the air over the wafer with fluid to enhance focus and shrink circuit dimensions. Using this technology, smaller semiconductors can be manufactured at lower cost. In 2007 we announced a new product, the TWINSCAN XT:1000. This new KrF lithography system, which we will introduce in 2008, will reduce customers' operating costs. The TWINSCAN XT:1000, makes it possible to use the cheaper KrF system to resolve 80-nanometer device features instead of the more expensive ArF technology. The increased cost-efficiency of the TWINSCAN XT:1000 can be found in the 10 percent gain in productivity and the use of less expensive product chemicals. These technologies mean greater productivity for our customers.

ASML Customized Imaging Solutions focuses on solutions for application markets, where it has evolved as the lithography market leader in the Microsystems (Thin Film Head and Microelectromechanical Systems or MEMS) and Compound Semiconductor industry. Our Remarketing Service has developed industry-leading expertise to remanufacture and relaunch pre-owned ASML equipment on the market.

ASML's subsidiary Brion Technologies, which was acquired in 2007, is the leader in computational lithography. Brion's Tachyon™ platform enables a unique set of capabilities that address the interrelated challenges of design, photomask making and wafer printing for semiconductor manufacturing.

ASML Optics provides precision optical systems for ASML's advanced scanners. ASML Optics also offers design-to-image solutions in optical design and manufacturing, cleanroom assembly, systems engineering and metrology for a broad range of commercial applications, serving customers worldwide.

ASML operates over 60 sales and service locations in 16 countries. Research, development and manufacturing facilities are located in Wilton, Connecticut, and Veldhoven, the Netherlands. The US headquarters is in Tempe, Arizona, with an optics facility located in Richmond, California. In 2006, ASML started an initiative to establish the ASML Center of Excellence ("ACE") in Asia. The primary goal of ACE is to serve as a supplementary engine to propel ASML's long-term growth. ACE will feature customer support, training, logistics, development and engineering, refurbishment and semiconductor application development. ACE will also enable sourcing of selected equipment modules, components and services in the region. Finally, ACE will be used as a training center to develop worldwide talent for ASML's workforce. In the fourth quarter of 2007, we started construction of the building and facility that will house ACE near Taipei, Taiwan. Construction is expected to be finished at the end of 2008.

The company's corporate headquarters is in Veldhoven. Ordinary shares are listed for trading in the form of New York Shares on NASDAQ and in the form of registered shares on Euronext Amsterdam ("Amsterdam Shares"). The principal trading market of our ordinary shares is Euronext Amsterdam.

ASML faces several industry and company risks. These risks are described in Item 3D of the company's Annual Report on Form 20-F. More information can be found in ASML's Corporate Brochure, which can be downloaded from our website www.asml.com

Principles

We believe in acting as a responsible corporate citizen and subscribe to the view held by the United Nations Commission on Global Governance that "business must be encouraged to act responsibly in the global neighborhood and contribute to its governance."

Our guiding principles are as follows:

- Recognize the importance of sustainable development within our global environment and the need to respect people and preserve our planet while earning a fair profit
- Embrace that human rights as proclaimed by the United Nations in the Universal Declaration of Human Rights are a common standard of achievement for all members of the global community. We encourage respect for these rights and freedoms
- Respect the rule of law and comply with the national laws, regulations, and administrative practices of the countries and communities in which we operate
- Support the general principles laid down by the Organization for Economic Cooperation and Development in its Guidelines for Multinational Enterprises and the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of the International Labor Organization

ASML is a member of the Semiconductor Equipment Manufacturing Institute (SEMI), the global industry association serving the advanced semiconductor manufacturing supply chain, and subscribes to the SEMI standards in the area of Environment, Health and Safety (EHS). ASML is one of 65 member companies of Global Care, an initiative of SEMI based on five principles:

- Workplace health and safety
- Resource conservation
- Product stewardship
- Community service
- Excellence

The SEMI standards and Global Care initiative represent a practical framework for ASML for putting its guiding principles into action. For more information on SEMI and the Global Care initiative, visit the website: www.semi.org.

About this report

This report is ASML's third sustainability report, which was previously published as the Environment, Health, Safety and Social (EHSS) report. The report covers the entire organization. As in 2006, the report is based on the GRI G3 Guidelines. Apart from the following, no major changes have been made to the reporting process relative to 2006:

- Measurement techniques for environmental and safety data have not changed relative to 2006, except where indicated, and are documented in detail in the internal Administrative Organization and Internal Control (AO/IC) manual. Health and social data have been consolidated on a company-wide basis by the Human Resources & Organization (HR&O) department.
- Report structure and content have been determined along the same lines as last year based on the GRI G3 guidelines. However, several additions have been made. For instance, a sustainable charter has been included. Also more information about human resources in ASML can be found throughout the report. Therefore, this 2007 report has a broader coverage of the GRI guidelines while assuring consistency and comparability with last year's report.
- Due to revised calculations, in a few cases data may differ from last year's report. This only led to minor changes and did not affect the outcome significantly.
- The EHSS policy statement, which last year was part of the EHSS report, is now available on our website: www.asml.com/investors/sustainability

In the interest of conciseness, selected disclosures appear in the GRI table included in this report.

Based on the Application Level system of GRI G3 and the reported content, ASML's self-assessment of the application level of the G3 guidelines for this sustainability report remains B. This report has not been independently audited, with the exception of the financial figures reported, which are subject to financial audit.

The entire ASML organization is covered by an ISO 14001 environmental management system. Furthermore, the entire organization is ISO 9001 certified, which assures that ASML's primary and support processes meet strict quality standards. In preparing the data, Environment, Health, Safety and Social staff make estimates and assumptions, so actual figures may differ from estimates.

Governance and Management

Governance

ASML endorses the importance of good corporate governance, the most significant elements of which are independence, accountability and transparency. These are also the elements on which a relationship of trust between ASML and all its stakeholders is built. ASML's objective is to be open and transparent about its structure, financial reporting, internal controls and procedures as well as its decision-making process.

ASML continually monitors and assesses proposals, recommendations, initiatives and regulations regarding the principles and practice of corporate governance. ASML has taken the necessary steps to comply with the Sarbanes-Oxley Act of 2002 and the Dutch Corporate Governance Code.

ASML has a Code of Conduct containing ASML's Principles of Ethical Business Conduct, ASML's Internal Guidelines, Complaint Procedure and Whistleblower's Policy. The Principles contain ASML's ethical values in relation to various issues and have been the basis for ASML's Internal Guidelines on Ethical Business Conduct. The Internal Guidelines apply to ASML employees worldwide and contain rules, guidelines and practical examples. The Internal Guidelines also contain certain specific obligations/requirements, stemming from the Dutch Corporate Governance Code and/or Sarbanes-Oxley Act of 2002. These specific obligations and requirements mainly concern the issues of conflicts of interest, financial reporting and the Whistleblower's Policy.

The Code of Conduct, Complaints Procedure and Whistleblower's Procedure (ASML employees are able to report issues anonymously) are posted on the Corporate Governance section of ASML's website: www.asml.com.

EHSS roles and responsibilities

ASML is committed to world-class performance when it comes to environmental, health, safety and social issues. To that end, ASML has integrated policies that apply to its activities around the globe. By focusing on regional initiatives guided by central directives, ASML ensures that its global commitment to EHSS performance is meeting local requirements.

ASML has established an EHSS Board to steer regional EHSS management issues and work towards a global EHSS management system. The EHSS Board comprises senior management members from each ASML site and members of the human resources and facilities departments. The company has a dedicated worldwide EHSS coordinator who reports to the EHSS Board, which is chaired by ASML's Executive Vice President of Operations.

At the regional level, EHS managers and HR&O officers are assigned to each of our production sites in Europe and the United States. For the Customer Support organization, an overall EHS manager coordinates through local EHSS facilitators. ASML employs 14 EHS specialists to monitor and manage EHSS issues, including product safety engineers based in Wilton (Connecticut), Richmond (California) and Veldhoven (the Netherlands). Within Customer Support, EHSS management in the field is carried out by EHSS managers, coordinators and facilitators as part of their engineering role. Social aspects at all sites are monitored by HR&O employees.

Management systems

As of January 1, 2003, ASML has been implementing an ISO 14001 certified environmental management system, starting with ASML locations in the Netherlands. From April 1, 2004, this system was applied to ASML activities worldwide. During global ISO 14001 re-certification audits in 2005, it was established that ASML complies with the new ISO 14001:2004 standard. The ISO 14001 certificate was granted to ASML on January 1, 2006. The ISO 14001 certificate covers all worldwide activities and locations, including: research and development, selection of suppliers and service providers, production, distribution and logistics and engineering/maintenance.

ASML monitors international developments in occupational health and safety management systems and integrates common elements of these systems into its worldwide ISO 14001 certified environmental management systems. These elements include the environmental portion of the EHSS policy and corresponding policy manual, audits, training, standard procedures and reporting systems. Every ASML site shares its experiences; based on these insights, best practices and procedures are adopted worldwide. During the 2007 ISO 14001 surveillance audits no major compliance breaches were found. Compliance with the ISO 14001 standard was confirmed by the external auditors. ASML even received a complement for having implemented an effective environmental management system.

EHS training

ASML offers 4 online computer-based training (CBT) courses on EHS subjects that are available for employees via ASML's Online Academy: General Introduction to EHS and Technical EHS Training.

These courses have been developed to execute basic EHS training efficiently, consistently and globally. The CBT General Introduction to EHS is intended for all ASML employees and covers EHS topics for employee awareness. In 2007, 3,249 ASML employees worldwide were trained in this first course, up from 800 in 2006. The second course covers EHS aspects for those employees who have technical jobs, including those in cleanrooms. In 2007, 3,066 ASML employees worldwide completed the second EHS module, up from 600 in 2006. The increase in participation was necessary after the CBT courses for EHS were made obligatory for all employees. Since the introduction of the CBTs, 5,324 employees have successfully completed the first module and 4,813 employees the second module.

In Wilton, the Lock-Out-Tag-Out (LOTO) was added to the EHS-Wilton training schedule this year. LOTO is the control of hazardous energy to block the flow of the energy from the power source to the equipment and regulated by the Occupational Safety and Health Administration (OSHA).

Incident reporting

Events or situations that must be reported include injuries requiring medical attention, fires and/or explosions and chemical leakages. Near misses, accidents and other incidents are reported by means of an incident report, which is investigated by the EHS department. ASML is also required to report serious incidents to the relevant authorities within 24 hours. In 2007 no major accidents occurred.

Evaluation of suppliers

Within the mandate of the ISO 14001 Environmental Management System, ASML periodically reviews significant environmental aspects of the goods and services it uses. The company communicates all relevant procedures and requirements to suppliers and contractors.

Every quarter, the suppliers responsible for 82 percent of the total ASML product-related spending are assessed on:

- Health & Safety performance: The suppliers in this group are assessed on their implementation level of adequate Health & Safety Policy, Health & Safety audits and the availability of an emergency response team.
- Environmental performance: Compliance with legal requirements, periodic internal audits, waste disposal policies, availability of Environmental Awareness Training for employees and a policy for achieving energy savings.

The 2007 assessment revealed that 95 percent of these suppliers have an implemented and documented 'Health & Safety Management System' and 80 percent have an implemented and documented 'Environmental Management System'.

Should there be any gaps between the required and measured supplier performance, improvement plans are initiated and followed up to further improve the supplier's performance.

In order to optimize its customer and shareholder value, ASML recognizes the need to continuously improve its Risk Management capabilities. In the first quarter of 2007 ASML therefore reviewed its Supply Chain Performance and Risk Management System. As a result, ASML has set up a Supply Chain Risk Management Project that translates the feedback from customers and the internal organization into an improvement proposal for ASML's supply chain performance management toolset. In the third and fourth quarter of 2007, the improvement proposal was tested in a pilot and the results have been integrated into the original toolset, which will become operational in the first quarter of 2008. In addition to the adjustments in the toolset, additional Risk Management KPIs have been added to the reporting structure enabling ASML to better follow-up on risks in the ASML supply chain. The above adjustments will give ASML a better insight into its supply chain on the following points: Corporate Social Responsibility (including Labor Issues and Human Rights), Long-term Material Availability, Technology Capability and alignment with ASML's Roadmap, Technology Availability, Business Continuity (including financial stability) and the Performance of the Second Tier Suppliers.

Furthermore, the toolset has been extended so that from 2008 both ASML's key suppliers and the rest of the supply base will be assessed on these criteria.

Audit

Accountability and transparency can be guaranteed only by a well structured audit process. ASML conducts annual routine assessments, followed by corrective actions and periodic management reviews, to monitor and ensure that our health and safety procedures are operating effectively and efficiently.

In the countries in which we operate, our environmental management system is based on and certified according to ISO 14001. ASML regularly conducts both internal and independent external EHS audits to monitor compliance with EHS standards.

Internal audits

Internal ISO 14001 and EHS audits are performed periodically at ASML sites according to a worldwide audit schedule, and our internal auditors are trained to accepted standards. Audits are coordinated centrally but where possible are conducted by local auditors. All non-compliances found during these internal audits have been properly addressed.

Less time was spent on carrying out internal audits in 2007 because of the time allocated to investigate EHS aspects to fulfill applicable legal requirements during new building activities at ASML in Veldhoven and at ACE in Linkau, Taiwan. However, sufficient internal audits were performed to comply with ISO 14001.

	Number of internal ISO 14001 audits	2006	2007
	Veldhoven	40	18
	Wilton	13	6
	Tempe	2	4
	Richmond	11	5
	Customer Support / Sales	18	13
	Total	84	46

	Number of internal EHS compliance audits	2006	2007
	Veldhoven	3	1
	Wilton	1	1
	Tempe	0	1
	Richmond	1	0
	Customer Support / Sales	0	0
	Total	5	3

External audits

External audits are conducted by local authorities and by an external certification body (within the scope of ASML's ISO 14001 certified environmental management system). External auditors are accompanied by local EHS staff. In 2007, 12 external audits were undertaken. No major non-compliance was found during these audits.

	Number of external audits	2006	2007
	Veldhoven	6	4
	Wilton	3	2
	Tempe	1	1
	Richmond	1	2
	Customer Support / Sales	0	3
	Total	11	12

Environmental and safety permits

ASML has all the necessary environmental and safety permits for its buildings and operations at all locations. These permits are maintained, updated and checked for compliance in consultation with local authorities. No major non-compliance was found in 2007. ASML remains fully compliant with local legal requirements on environment and safety.

Stakeholder dialogue

ASML strives to consult with parties that have a relevant stake in the company. Stakeholder dialogue is conducted regularly by senior and executive managers on a proactive and reactive basis, across a range of business and company topics, subject to materiality. In addition to customers and suppliers, relevant stakeholders include:

- Shareholders and analysts, including socially responsible investors and analysts
- Works councils and unions whose membership includes ASML employees
- Local governments, e.g. the municipality of Veldhoven and the state of Connecticut
- Universities, such as Technical University Eindhoven, University of Twente, Technical University Delft and Erasmus University Rotterdam in the Netherlands, Wuhan University in China and the University of Connecticut and the DeVry University in the United States

Financial Flows

Five-year overview (in accordance with U.S. GAAP)

Consolidated statement of operations (EUR million)	2003	2004	2005	2006	2007
Net sales	1,543	2,465	2,529	3,597	3,809
Gross profit on sales	369	906	974	1,462	1,560
R&D costs	287	331	324	387	486
Amortization of in-process R&D costs	0	0	0	0	23
SG&A costs	213	202	201	205	226
Restructuring costs (credits)	24	(6)	0	0	0
Income (loss) from operations	(155)	379	449	871	825
Net income (loss)	(160)	235	311	625	688
Gross profit as a % of sales	24%	37%	39%	41%	41%
Income (loss) from operations as a % of sales	(10)%	15%	18%	24%	22%

Balance sheet (EUR million)	2003	2004	2005	2006	2007
Cash & cash equivalents	1,028	1,228	1,905	1,656	1,272
Working capital ¹	1,463	1,869	1,786	2,245	2,015
Total assets	2,868	3,244	3,756	3,951	4,068
Long-term liabilities	1,041	1,039	624	613	855
Shareholders' equity	1,141	1,392	1,712	2,156	1,908

¹ Working capital is defined as current assets less current liabilities

Supplier-related payments

In 2007, ASML engaged over 3,000 suppliers from which it purchased EUR 2,700 million in products and services, up from purchases totaling EUR 2,200 million in 2006 (the number of suppliers remained the same). In 2006 ASML paid EUR 1,700 million for products and EUR 500 million for services, while in 2007 EUR 2,050 million for products and EUR 650 million for services was paid. The geographic distribution of ASML's suppliers and purchases is as follows:

Region	Percentage of suppliers 2006	Percentage of purchasing cost 2006	Percentage of suppliers 2007	Percentage of purchasing cost 2007
Netherlands	39.7%	39.8%	39.8%	38.9%
EU (excluding Netherlands)	9.4%	42.8%	9.3%	43.4%
USA	50.3%	15.1%	50.4%	14.0%
Asia	0.6%	2.3%	0.5%	3.7%
Total	100%	100%	100%	100%

The consistency of the distribution of suppliers over the geographical areas in 2007 compared to 2006 can be explained by ASML's focus on long-term supplier relation management.

Return of capital to stakeholders

On July 17, 2007 the Extraordinary General Meeting of Shareholders approved 3 proposals to amend the Company's Articles of Association. The first amendment involved an increase of share capital by an increase in the nominal value per ordinary share from EUR 0.02 to EUR 2.12 and a corresponding reduction in share premium. The second amendment was a reduction of the nominal value per ordinary share from EUR 2.12 to EUR 0.08 resulting in the payment to shareholders of EUR 2.04 per ordinary share. The third amendment involved a reduction in stock, whereby 9 ordinary shares with a nominal value of EUR 0.08 each were consolidated into 8 ordinary shares with a nominal value of EUR 0.09 each. As a result of these amendments, in combination with several share buyback programs, ASML paid EUR 1,372 million back to its shareholders in 2007.

Environment-related expenditure

ASML's commitment to continuously improve its environmental performance means that environmental considerations are part of day-to-day business decisions. Environment-related expenditures are likewise included in normal procurement and investment decisions.

Although ASML is currently exempted from the Dutch government's greenhouse gas allocations, it is not anticipated that carbon emissions trading would have a substantial impact on ASML's cost level if it were not exempted. Based on the level of ASML's greenhouse gas emissions (described later in this report), and assuming that all emissions need to be neutralized at current forward prices between EUR 15 and EUR 20 for CO₂ emission certificates, it is estimated that the financial impact of climate change will amount to approximately EUR 1 million. While there may be additional effects due to the potential financial impact of climate change on the pricing levels of some suppliers, the overall effect will be negligible.

ASML will always search for best — but affordable — solutions with a reasonable payback to reduce its energy use. ASML has chosen to invest in energy efficiency and conservation as the preferable option to achieve this. ASML is not currently planning to purchase green energy because this only leads to financial compensation instead of a real reduction in energy consumption.

Government-related payments

Globally, ASML took a provision for income tax of EUR 171 million in 2007, a decrease of 30 percent relative to 2006. The decrease in income taxes in 2007 is mainly related to a favorable settlement of unrecognized tax benefits. In addition, a corporate tax rate reduction in the Netherlands also contributed to a decrease in income taxes.

In 2007, ASML received EUR 24.4 million in government grants to help pay for research and development spending. This represented 4.8 percent of the total research and development costs throughout 2007.

Environment

Commitment

In conducting our business, we want to contribute to the sustainable development of our planet while maximizing the value of our shareholders' investment in the company. An environmental management system has been written, implemented and is maintained in compliance with the international standard ISO 14001. To check compliance with those standards, regular audits are performed by independent experts. We adopt new technologies and operating procedures with a view to improving environmental performance. ASML is subject to Dutch and foreign environmental regulations in areas such as energy resource management; use, storage, discharge and disposal of hazardous substances; recycling, clean air, water protection and waste disposal. We have taken measures to comply with these regulations in the course of our business operations.

Consumption of resources

ASML pursues opportunities to use energy in the most efficient way possible, minimizing and reducing energy consumption. This is primarily done by developing energy efficient products. We shipped 2 percent fewer but more advanced tools, thereby increasing revenue. More advanced tools can print more advanced chips at a higher speed. This is good for overall machine performance and efficiency and although these advanced tools require more energy, they increase the energy efficiency of chip manufacturing. The increase in absolute energy consumption can also be explained by the increase of ASML's workforce by 18 percent.

Electricity and fuel consumption

The total number of systems shipped by ASML decreased by 2 percent to 260 in 2007 from 266 in 2006, while total energy use increased by 8 percent year-on-year in 2007. The company's worldwide electricity use increased by 5 percent while fuel use was up 12 percent. The total energy consumption figure is calculated by taking the sum of energy from fuel consumption and energy from electricity consumption, minus the energy from electricity production in Veldhoven.

	Energy consumption (x 10 ¹² Joule)	2005	2006	2007
Electricity used		392	425	447
Fuels purchased		340	330	357
Subtotal		732	755	804
Energy cogeneration plant		52	48	54
Total		680	707	750
Energy use / net sales (10 ⁶ Joule / Euro)		0.27	0.20	0.20

While energy use increased in terms of absolute use, the energy efficiency indicator (energy use divided by net sales) remained approximately the same in 2007 due to higher net sales.

	Energy consumption per site (percent of total energy consumption)	2006	2007
Wilton		22%	21%
Richmond		1%	1%
Tempe		7%	8%
Veldhoven		70%	70%

Cogeneration plant in Veldhoven

In Veldhoven, natural gas is used for the production of electricity in a cogeneration plant, which is also used as an emergency power plant and for cooling purposes.

	Cogeneration plant (x 10 ¹² Joule)	2005	2006	2007
Natural gas used		125	113	126
Electricity produced		52	48	54

Inert gas consumption

Total inert gas consumption increased by 21 percent in 2007 compared to 2006 due to more advanced and more productive tools, such as immersion. The inert gas efficiency indicator (inert gas use divided by net sales) also increased.

	Inert gases (x 10 ⁶ m3)	2005	2006	2007
Nitrogen produced		5.29	6.23	7.77
Nitrogen bulk purchased		3.84	4.27	4.98
Specialty gases purchased		0.05	0.03	0.04
Total		9.18	10.53	12.79
Total inert gases / net sales (m3 / million Euro)		3.63	2.93	3.36

	Inert gas consumption per site (percent of total inert gas consumption)	2006	2007
Wilton		29%	21%
Richmond		0%	0%
Tempe		10%	8%
Veldhoven		61%	71%

Water consumption

ASML is committed to containing and reducing its water consumption through comprehensive state-of-the-art reuse, recycling and other water reduction projects. Total tap water consumption at ASML increased by 19 percent in 2007 compared to 2006, while the number of employees at ASML increased by 18 percent in 2007 compared to the previous year. Because water use and revenues both showed a relative increase, the water efficiency indicator (water use divided by net sales) did not change significantly.

	Tap Water	2005	2006	2007
Tap water consumption (x 1,000 m ³)		339	379	451
Water use / net sales (liters / Euro)		0.13	0.11	0.12

	Tap water consumption per site (percent of total tap water consumption)	2006	2007
Wilton		20%	20%
Richmond		1%	1%
Tempe		14%	9%
Veldhoven		65%	70%

Emissions

ASML monitors emissions and seeks to minimize or eliminate any adverse impact on the environment. The fluorine is captured from the specialty gases used in our lithography systems and the inert gases are emitted into the atmosphere. The fluorine traps are subsequently returned to the manufacturer for recycling. No ozone-depleting substances are used anywhere in the production process.

Air

Greenhouse gas emissions (most relevant gases are carbon dioxide and nitrogen oxide) are by-products of our combustion installations. The emissions of greenhouse gases are calculated directly from the consumption of fuels (direct emissions) and electricity (indirect emissions). Overall, greenhouse gas emissions increased by 6 percent in 2007 compared to 2006. The explanation for the increase in CO₂ emissions is the same as for the increase in energy use. The carbon intensity (greenhouse gas emissions divided by net sales) remained unchanged over 2006.

	Emissions to air (x 10 ⁶ kilogram)	2005	2006	2007
CO ₂ direct (from purchased fuels)		25.31	24.89	26.94
CO ₂ indirect (from purchased electricity)		34.88	38.65	40.38
NOx direct (from purchased fuels)		0.02	0.01	0.02
Total emissions of greenhouse gases		60.21	63.55	67.34
Greenhouse emissions / net sales (tons / million Euro)		23.8	17.7	17.7

	Emissions of greenhouse gases per site (percent of total emissions of greenhouse gases)	2006	2007
	Wilton	29%	28%
	Richmond	1%	1%
	Tempe	10%	9%
	Veldhoven	60%	62%

In measuring the total emission of greenhouse gases, ASML also takes into account the number of kilometers its employees travel. This amounts to approximately 12.5 metric tons, with air travel accounting for 5.9 metric tons while 6.6 metric tons result from car travel.

Water

Production waste water in Veldhoven and Wilton is discharged via neutralization units. The level of acidity in the waste water after passing through the neutralization units is continuously monitored. In Veldhoven, the quality of discharged waste water is checked annually by an independent expert, according to legal requirements. There was no violation of the legal waste water quality standards in 2007.

In Veldhoven, of the total amount of discharged waste water, approximately 15 percent is from toilets, sinks, etc; 35 percent is production waste water (discharged via neutralizing units) and 50 percent is displacement water from the cooling towers.

Waste

ASML strives to minimize waste and enhance efficiency in the use of materials throughout our operations. By maximizing our recycling efforts, we promote sustainable production practices and reduce landfill. ASML facilities in Veldhoven, Wilton and Tempe operate glass, paper and plastic collection and recycling programs. In addition, product shipping containers are returned to the company for reuse. At our Veldhoven facility, we separate foil from plastic waste and use a foil compressing machine that bales it. The foil is separated by type of polymer (polyethylene and polypropylene) and then recycled into granules ready for use by the plastic processing industry.

Non-hazardous waste materials increased by 20 percent in 2007 compared to 2006. Extraordinary cleaning activities necessary to create more production space in the existing cleanrooms, was responsible for this increase. In total, 170 tons of metal scrap had to be disposed. However, this metal scrap consists mainly of spare metal parts which are recycled for more than 87 percent. Also hazardous waste materials increased significantly last year due to several activities. Among those activities were the refill of cooling fluid of a

generator at the Wilton facility and the cleaning of the secondary containment basins for chemicals in Veldhoven. In both cases, the content was disposed as hazardous waste. These are all actions that take place occasionally. As a result, ASML's total waste disposal grew by 24 percent in 2007, while the amount of waste disposed per million Euros of net sales also increased in 2007. By excluding the extraordinary cleaning activities however, the waste efficiency indicator increased slightly by 1 percent.

Waste materials (x 1,000 kilogram)	2005	2006	2007
Non-hazardous waste materials	894	960	1,149
Hazardous waste materials	48	73	128
Total waste materials disposed	942	1,033	1,277
Total waste materials disposed/net sales (kg/million Euros)	372	287	335

Regarding disposed waste materials in Veldhoven, 63 percent is reused, a 5 percent improvement in comparison with last year. 37 percent is disposed using energy conversion.

Disposal of waste materials per site (percent of total disposal of waste materials)	2006	2007
Wilton	2%	3%
Richmond	1%	2%
Tempe	0%	0%
Veldhoven	97%	95%

Incidents

In 2007, no environmental incidents were reported.

	2005	2006	2007
Total environmental incidents	1	0	0

Products

ASML seeks to minimize its environmental footprint. EHS experts investigate new technologies and screen new materials for potential chemical, physical or toxicological hazards to protect people and the environment. ASML strives to ensure that the amount of energy consumed to manufacture its products remains as low as possible. It is, however, inevitable that as the performance of ASML semiconductor lithography systems continues to increase, they need more energy to operate due to the more advanced lasers and cooling systems required. However the more advanced technology enables ASML clients to reduce their energy use, thereby increasing overall energy efficiency. For example, technological evolution in the KrF product family has resulted in a 40 percent lower energy use per wafer pass since 2003. In addition, ASML's lithography systems consume less than 5 percent of the total energy needed to produce semiconductors.

In addition, the increasingly refined level of ASML's technology enables our customers to produce more advanced semiconductors. Using these semiconductors in industrial and consumer products often provides economic benefits, user-friendliness and increased safety. New generation semiconductors are typically smaller in size (which saves materials) and use less power per transistor (i.e. are more energy efficient). When measured over the entire lifecycle of a semiconductor, almost all energy is consumed during the use phase. The manufacturing phase accounts for only a very small fraction.

In summary, ASML's greatest contribution to energy efficiency lies in continuing to develop ever more advanced products that will allow clients to produce chips with less energy and chips that use less energy during their use phase.

ASML systems are critical and, therefore, valuable to semiconductor producers. This is illustrated by the fact that ASML sold 25 refurbished lithography systems in 2007. Refurbished systems represented 10 percent of total unit sales in 2007. The vast majority of systems that ASML has shipped to customers in its 23-year history are still in operation.

Health

Commitment

ASML strives to be a healthy organization with minimal absenteeism. ASML proactively addresses health issues and takes steps to improve and protect employee health. ASML values the well-being of its employees and acknowledges the importance of a proper work-life balance.

Illness prevention

Within ASML there are several initiatives to help prevent and reduce illness. ASML seeks to optimize employment conditions worldwide. This is reflected in how it handles issues such as the no-smoking policy, employee fitness promotion, repetitive strain injury prevention, lifting of heavy objects and stress management. Employees are provided with ergonomically-optimized workplaces and workstations and, upon request, ergonomic advice is provided at each of the main sites to any employee suffering from work-related discomfort. Additionally, flu prevention shots were made available to all employees and administered by the company doctor to minimize sickness during the winter flu season.

For employees who become ill, ASML focuses on ensuring that they recover as quickly as possible and are able to safely return to work. ASML has a system for sick leave monitoring and active reintegration policies. Wherever necessary, opportunities to adjust employee workloads are provided. In certain cases, systems and equipment are put in place to enable employees to work from home on special assignments.

Company doctors are available on site in Wilton and in Veldhoven. These doctors also play an active role in preventing work-related illnesses and in reintegrating employees who have become injured from work or non-work related accidents. ASML seeks to recognize potential risks to employees in senior and managerial positions at an early stage. Annual voluntary health check-ups are available for those aged 40 and over.

Absence

Due to different treatments of absence among the countries in which ASML operates, no comparable company-wide figure is available. For ASML's main sites, the absenteeism figures are as follows:

	Absenteeism per site (percent of total workforce)	2006	2007
	Wilton	2.98%	2.93%
	Richmond (and other U.S. sites)	2.72%	2.55%
	Tempe	2.31%	2.35%
	Asian Sites	0,34%	0,33%
	Veldhoven	2.96%	2,86%

Employees who become ill in the Netherlands are contacted by phone by a medically qualified absence coordinator from the Dutch Occupational Health and Safety Service, who evaluates the employee's symptoms and estimates his or her recovery time. The coordinator keeps the employee's direct supervisor informed about the status of the absent employee. Coordinators are able to determine whether an employee should be referred to the company doctor. This process helps assess absences resulting from illness and provides insight into employees' symptoms and their complaints. In the United States and Asia, a sick pay benefits policy is in place and benefits are contingent upon the employee maintaining regular contact with his or her supervisor.

Safety

Product safety

Product safety is a priority throughout its lifecycle. ASML is compliant with the law and ensures that safety measures are incorporated into equipment from the earliest design stage. Where equipment hazards cannot be designed out, steps are taken to integrate safeguards into the system. This is done to ensure that no single failure or operator error can lead to a hazardous exposure of the operator, facility personnel or the environment.

ASML's product safety standards include applicable regional regulations and the SEMI S2 Safety Guidelines for semiconductor manufacturing equipment. These standards address chemical, radiation, electrical, physical, mechanical and environmental hazards, as well as fires and explosions, earthquake protection, ventilation and exhaust as well as ergonomics.

Prevention

Through comprehensive safety training, safety practices, control of workplace hazards and design-for-safety principles, ASML aims to achieve a zero occupational injury rate at its facilities. If an incident does occur, procedures are in place for providing emergency help and effective investigation. The main risks associated with our business are:

- High-intensity laser systems
- High-voltage apparatus
- Packing and transportation of machines and modules (large machines used for lifting heavy equipment)
- Use of hazardous substances (flammable/explosive, toxic and chemically aggressive gases and liquids)
- Use in older cleanrooms of combustible materials (PP, PVC) for ducts and pipes

The risks are controlled by several measures, as: training, inspections, instructions, risk assessments and communication about risks. Through audits and incident investigations possibilities for improvement are detected and implemented. In 2007, due to a great number of new employees, much attention was given to training and introduction of new employees. The ICT project for distribution of information about hazardous materials was completed in 2007 and gives all workers access to information about the substances they work with. Within the new cleanrooms, state of the art techniques for machine safety were implemented.

Incidents

ASML increased its workforce by 18 percent in 2007, while the reported incidents within ASML involving payroll and non-payroll employees during working hours decreased by 29 percent to a total of 69. Of these incidents, 41 were minor, requiring only first aid medical attention, while 28 were recordable incidents, none of which were fatal. A recordable incident is an event whereby the employee:

- Requires medical treatment beyond first aid
- Has a recordable injury or illness as defined by a physician or other healthcare provider
- Cannot return to work (lost work days)
- Is transferred to another job (restricted work days)
- Has lost consciousness
- Is fatally injured

In 2007, ASML reported an incident rate of 0.5 (incidents per 100 full-time employees working a full year) compared to 0.7 in 2006 and 0.8 in 2005. This means that workplace safety at ASML continues to improve. The downward trend of the company's incident rate can be explained by the higher amount of reports in which near misses are described and analysed. More time is spend on taking measures, giving feedback and communication about incidents with the intention of fixing and solving problems before serious accidents can occur. ASML's incident rate is well below the SEMI's average incident rate.

Rapid emergency response

ASML ensures employees know how to respond in the event of an emergency, such as a fire or earthquake. Designated Emergency Response Teams (ERTs) have been appointed worldwide and are trained to assist and lead other employees in dangerous situations. These teams are trained in first aid, building evacuations and firefighting.

In Veldhoven, there are approximately 125 participants in the emergency response team. Members are trained and certified to act in case of fire and evacuations; they can provide first aid, use an automatic external defibrillator and perform reanimation procedures. In 2007, a new emergency response manual was developed and successfully implemented.

On the main sites there are formal health and safety committees that supervise health and safety programs. Both management and employees are represented. There are two such committees in Veldhoven with a total of 15 members.

In Wilton, 24 employees have been trained and certified in First Aid, CPR, AED (Automatic External Defibrillator) and Bloodborne Pathogens. Members of the team have been designated to assist any handicapped employees during evacuation procedures.

Employment overview

ASML supports the general principles of the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of the International Labor Organization. ASML has a zero-tolerance policy for any form of discrimination by any of our employees. We provide equal opportunity in recruiting, hiring, education, promotion and compensation without discrimination regarding race, color, gender, age, religion, political opinion, nationality or social origin. We only profile employee characteristics to meet established governmental policies for promoting equality of employment opportunities or when it relates to the inherent requirements of a job. We respect the different cultural identities of our employees.

Headcount

As of 31 December, 2007, ASML's workforce totaled 6,582 FTEs worldwide, an increase of 18 percent compared to 2006. The tables below show ASML's workforce by region and gender:

	Employees:	Percent	Percent
Asia	1,249 FTE	2006	2007
	Female	13%	12%
	Male	87%	88%

	Employees:	Percent	Percent
Europe	3,598 FTE	2006	2007
	Female	11%	11%
	Male	89%	89%

	Employees:	Percent	Percent
USA	1,735 FTE	2006	2007
	Female	13%	13%
	Male	87%	87%

The number of female employees increased by 19 percent in 2007. As in 2006, women make up 12 percent of ASML's entire workforce. The so-called gender gap typically found in technology companies worldwide is also present at ASML. The company mainly recruits people with technical backgrounds and women are historically under-represented in technical studies internationally.

The table below shows the breakdown by age of the FTEs of ASML:

Age	Asia	Europe	USA	Total
20-30	477	544	191	1,212
31-40	635	1,742	533	2,910
41-50	123	1,053	562	1,738
51-65	14	259	449	722
Total	1,249	3,598	1,735	6,582

The breakdown of ASML employees is shown below by FTE distribution over the company's main sectors.

Main sectors	Total FTE	Total FTE	Total FTE	Total FTE
	Asia	Europe	USA	2007
Business Units	74	80	382	536
Customer Support	1,014	675	776	2,465
Development & Engineering	27	1,327	222	1,576
Manufacturing & Planning	9	982	216	1,207
Other	112	327	102	541
Supply Chain Management	13	207	37	257
Total	1,249	3,598	1,735	6,582

In addition to the 6,582 payroll employees, there are 1,725 non-payroll employees. The largest group of employees is Customer Support. They provide services 24 hours per day to customers worldwide. Activities include installation of tools, maintenance and repair based upon service contracts, and application support. Furthermore, there's an increasing need due to the capacity increase in Manufacturing and Planning and Development and Engineering.

Employee turnover, talent attraction and retention

In 2007, ASML grew significantly due to favorable market conditions and the expansion of our R&D organization to reduce time-to-market of new products. Retaining and attracting capable employees is important in order to maintain successful operations. ASML's employee turnover in 2007 was 5.2 percent, down from 5.7 percent in 2006. The employee turnover per region is shown in the table below:

	Asia	Europe	USA	Total
Non Voluntary	11	25	52	88
Voluntary	64	118	62	244
Total	75	143	114	332

In total, ASML attracted 1170 new employees in 2007 (excluding the Brion merger), up from 842 in 2006. ASML achieved this growth without compromising its requirements and standards for new employees. In 2007, ASML hired 5 percent of all applicants, compared to 13 percent in 2006. This indicates that ASML's access to the labor market remained good. The increased number of applicants was the result of an intensive recruiting campaign.

To meet ASML's workforce needs, the recruitment team will continue to use a variety of tools to reach qualified candidates, including newspaper and magazine advertisements, national career events, business days at universities, trade fairs, online job boards, direct email, online bannering, google adwords, recruitment and executive search agencies and the www.careers.asml.com website. This multi-channel approach reaches a range of audiences and creates additional awareness for career opportunities at ASML.

To complement these efforts, ASML is also using tactics such as organizing seminars and recruitment events for experienced engineers as well as "Open Door" events for students, where potential candidates get a chance to tour ASML's facilities and speak with employees.

Three new web-based tools are also proving effective: web logs, or blogs, the virtual cleanroom and the e-newsletter Futurescan. ASML's "bloggers" are employees who provide a behind-the-scenes look at working at ASML via an online journal at www.careers.asml.com. The site's virtual cleanroom was created to bring potential candidates "inside" ASML while Futurescan is aimed at informing the target audience about ASML and its people as well as building a relationship with and developing a database of interesting potential candidates (Candidate Relationship Management). Futurescan has 4 annual editions.

ASML's referral program is another component of its recruitment campaign. Current ASML employees often have access to a wide network of potential candidates, and ASML offers a monetary reward to employees who refer a candidate who is hired. The program is one of ASML's most successful channel for hiring. In 2007, 160 employees were hired worldwide by the referral program.

ASML uses a web-based recruitment system, Mr. Ted TalentLink, worldwide. This system supports the Candidate Relationship Management approach that enables ASML to build a candidate database of talent in the labor market. The system supports the

workflow when filling vacancies. It provides recruitment metrics and helps meet staffing needs worldwide as efficiently as possible by publicizing job openings internally and externally. It also allows consolidation of feedback from interviews.

In the following table, the workforce of ASML by years of employment is shown:

Years of employment	Asia	Europe	US	Total
< 2	544	1,075	388	2,007
2 — 4	323	162	128	613
5 — 9	287	1,420	472	2,179
10 — 14	90	661	464	1,215
15 >	5	280	283	568
Total	1,249	3,598	1,735	6,582

Career development

ASML strives to reward employees competitively for their performance and provide motivating working conditions, including coaching, training and personal career development programs. The responsibility for development and learning is shared by employees, managers and HR&O staff. ASML employees are encouraged to take initiative for their own career development and learning. Managers and HR&O staff are responsible for supporting initiatives towards development and learning within ASML.

These include:

- Performance management
- Management development review process
- Leadership development programs
- Job-oriented training

Performance management

ASML employees in job grades below director level receive regular performance reviews. This performance management system is supported by a web-based IT application for objective setting, talent management and development, mid-year reviews and performance appraisal. This approach also includes the ASML Competency Model that seeks to develop the ability to perform effectively in certain situations or for performing tasks against set targets. This competency set is based on input from 250 managers and employees worldwide and comprises 34 competences. All jobs of employees are categorized into 7 job families, such as Manager, Project/Program Manager, Engineer, Operations, Business Partner, Expert and Support. For each job family a set of 9 competences is selected from the 34 ASML competences and added to the 2 generic ASML competences. These sets of competences are used for objective setting, performance review and development.

In 2007, personal Development Action Plans were developed for nearly every employee below director level. The plans included topics such as targets and opportunities for development, career direction and job improvement initiatives. Nearly 100 percent of employees received performance appraisals during 2007. The only exceptions were those who were hired after September 1st and long-term absentees.

Management development

The Management Development Review Process identifies leadership talent within ASML. It is used to review employees in senior and executive job grades as well as those in lower job grades who show high potential or participate in leadership programs.

In 2007, corporate critical positions were identified and succession plans for these positions were established. Individuals with technical and/or managerial leadership talent were identified and discussed by the executive management of ASML and subsequent Development Action Plans were defined for them. The aim is to retain and develop intellectual capital and technical and managerial talent.

Leadership development

Apart from a number of general management training programs focusing on various management areas, ASML offers a corporate Leadership Development Program for talented employees who have the potential for growth beyond their current level. This Tactical Leadership Program allows participants from many different disciplines, locations and backgrounds to obtain broader knowledge and new skills and to work together in cross-functional project teams for action learning. The program facilitates integration across regions and disciplines within ASML and is conducted according to appropriate job grades. The Tactical Leadership Program is aimed at relatively new managers and includes modules on Self Leadership, Thought Leadership, People Leadership and Results Leadership. In 2007, a total of 54 nominated participants attended 3 programs in Europe, the United States and Asia.

The XL program (Excellent Leadership Program) for all people managers in first line leadership positions was developed and piloted in Europe in 2007 and will be further rolled out in 2008.

Job-oriented training

ASML's philosophy on training is that 70 percent takes place "on the job" and 30 percent is achieved through specific training and coaching. ASML encourages employees to enhance their job-oriented skills by attending training workshops or programs at accredited educational institutions. These range from personal effectiveness workshops and personal computer training to technical, non-product-related education.

In 2007, ASML invested in a worldwide learning management system (LMS) to manage functional skills development for large groups of people in Customer Support and Manufacturing sectors.

More than 500 training programs were attended by 6,300 employees in 2007, compared to 525 training programs attended by 4,600 employees in 2006. In the Wilton facility, nearly 1,300 employees (up from over 800 in 2006) were supported by partial funding from the Advanced Manufacturing Grant sponsored by the U.S. government. Employees were trained in various lean manufacturing techniques as well as Six Sigma quality practices.

The learning@asml platform, launched in 2005, facilitates the search and selection of training. This platform includes a self-assessment module and a training catalogue with search options. It was used about 30,000 times in 2007, or an average of about 4 times per employee.

In 2007, ASML spent approximately EUR 4.4 million on training, amounting to almost EUR 700 per payroll employee. On average, each employee received 20 hours of training. The table below shows an overview of the most attended internal courses by ASML employees per region in 2007:

Training	Asia	Europe	USA	Total
Introduction Course Veldhoven: New employee orientation	18	527	2	547
CANS information session: Information on workplace ergonomics		506	1	507
Project management training: PSI: Project management skills	20	285	2	307
Blueprint Training: Technical training on basic blueprint reading			233	233
The Storyboard Approach: How to write an attractive presentation	28	142	1	171
Intro to Optomechanical Design SC014: Technical training on optomechanical design			140	140
Selection Interviewing Skills: Training on selection of applicants		118		118
GD&T Study Group: Supplement to Blueprint training to read blueprints			114	114
Horizontal & Vertical transportation Orientation New employees — Wilton:		95		95
New employee orientation			95	95

External recognition for ASML's training effort

In 2007, ASML received its highest score in a supplier quality assessment performed by one of its major customers in the US. The overall score was 7.9 out of 10 and in several areas, ASML was judged to be "Best in Class". Aspects that scored exceptionally well were total cycle time reduction and install support. This customer was particularly impressed with the fact that ASML was able to reduce the cycle time while simultaneously adding tool cabins, expanding the factory and hiring over 600 people in under 12 months. One factor contributing to the high marks for this section was ASML's ability to handle these various aspects while maintaining the required training levels for employees. Install support achieved the highest score for the audit — a perfect ten! The auditors were tremendously impressed to discover how well resourced, trained and managed the install support effort is at ASML. The install and support achievements were so impressive that the customer verbally communicated its opinion that ASML's efforts are best in class for the industry and its supplier base.

Employee involvement

ASML is committed to keeping its workforce involved in its business decisions. In the Netherlands, consultation and negotiation with employee representatives is organized through the works council as required by law. Our employees are represented in South Korea by the Labor Management Council and in France by the Comité d'Entreprise.

Motivation and performance

ASML's worldwide compensation and benefits framework and benchmarking methods help us to respond effectively to local market trends. It ensures our employees have competitive and transparent compensation and benefits packages in each country in which we operate. ASML motivates its employees by recognizing and rewarding their performance at a competitive level.

ASML benchmarks compensation packages annually in order to monitor competitiveness on a country-by-country basis. The benchmark focuses on base salary including guaranteed payments, variable payments and long-term incentives. Based on survey findings, ASML has been able to define adjustments to benefits packages if required, as well as the costs of such adjustments and whether a local or international pooling approach would best serve ASML's needs. As a result ASML has been able to confirm that it offered competitive benefits packages at all locations in 2007.

Stock option plans

In 2007 ASML launched new share-based payment plans providing employees the choice between stock, stock options or a combination of both. The new share-based payment plans divide the employees in 2 categories, senior management excluding the Board of Management and other employees who are not part of the Board of Management or senior management. Each year, the Board of Management determines the total number of awards that can be granted in that year. The determination is subject to the approval of the Supervisory Board of the Company.

In March, 2007 ASML acquired Brion. As part of a retention package employees and executives of Brion have been granted stock awards, performance stock awards and the Brion stock options outstanding at the acquisition date have been converted to ASML stock options.

U.S. benefits plan

In the United States, ASML offers a "cafeteria" benefits plan that allows employees to tailor benefits to suit their individual needs. Each year, employees can make their selections for the coming year via an Open Enrollment Process.

Working in society

As a global business organization, ASML respects the rule of law and complies with the national laws, regulations, and administrative practices of the countries and communities in which it operates. ASML conducts its activities in a competitive manner, within the framework of applicable laws and regulations, and applies its principles of ethical business conduct. One of the elements of responsible behavior in society is our continuous compliance with competition law. In 2007 no legal actions were taken related to anti-competitive behavior.

An important contribution of ASML to the society in which it operates can be found in the active role the company plays in the development of the knowledge economy. Because of the highly innovative character of ASML, a substantial share of its cost base is Research and Development expenditures. ASML spent a total of EUR 486 million on research in 2007, the second highest budget reserved for research in the Netherlands. For the development of new products ASML attracts employees who meet our high standards. ASML also contributes to the local knowledge infrastructure with the intention of creating synergy between fundamental research and business opportunities. For example, the research done to design and develop our lithography machines resulted in 5 doctoral candidates and many publications in prominent journals.

Corporate citizenship

ASML Foundation, which was established in December 2001, is an independent foundation that is registered in the Netherlands. The aim of the ASML Foundation is to support efforts worldwide in the area of technical education and related activities in order to improve the quality of life of children and the underprivileged. In 2007, the ASML Foundation donated EUR 600,000 to non-profit organizations in the United States, Asia, Africa and Europe. The total assets amount to approximately EUR 10.5 million. More information about the ASML Foundation is available on ASML's website.

GRI Information

Disclosure on Management Approach

	Materiality	Responsibility	Objectives and performance
Economic	<ul style="list-style-type: none"> - Economic performance - Market presence - Indirect economic impacts 	<ul style="list-style-type: none"> - CEO - Board of Management - Supervisory Board 	<ul style="list-style-type: none"> - Annual Report
Environmental	<ul style="list-style-type: none"> - Energy use - Water use - Emissions - Effluents - Waste 	<ul style="list-style-type: none"> - EVP - Operations - EHSS Board 	<ul style="list-style-type: none"> - Section: Environment
Labor	<ul style="list-style-type: none"> - Employment - Labor relations - Occupational Health & Safety - Training & Education - Diversity 	<ul style="list-style-type: none"> - Board of Management - HRM Officer 	<ul style="list-style-type: none"> - Section: Overview — Principles Social
Human Rights	<ul style="list-style-type: none"> - Non-discrimination - Freedom of Association - Complaints 	<ul style="list-style-type: none"> - Legal Officer 	<ul style="list-style-type: none"> - Section: Overview — Principles
Society	<ul style="list-style-type: none"> - Community - Corruption - Public policy - Anti-Competitive behaviour - Compliance 	<ul style="list-style-type: none"> - Board of Management - Legal Officer 	<ul style="list-style-type: none"> - Section: Governance and Management — Governance
Product Responsibility	<ul style="list-style-type: none"> - Customer Health & Safety - Labeling - Communications - Compliance 	<ul style="list-style-type: none"> - EVP Operations 	<ul style="list-style-type: none"> - Section: Safety — Product safety

Policy	Training	Monitoring
- Annual Report	Not required by G3	Not required by G3
- Section: Environment Sustainability charter	- Section: Government and Management — EHS training	- Section: Government and Management — Management systems
- Complaints Procedure	- Section: Government and Management — EHS training	- Section: Government and Management — Evaluation of suppliers - Whistleblower's Procedure
- Principles of Ethical Business Conduct and Internal Guidelines - Complaints Procedure		- Section: Government and Management — Evaluation of suppliers - Three Complaint Committees
- Anti Fraud Policy - Principles of Ethical Business Conduct and Internal Guidelines - Whistleblower's procedure		- Section: Government and Management — Evaluation of suppliers
- Section: Safety — Product safety	- Section: Safety Prevention	

GRI Table

Strategy and analyses

1.1	CEO statement	To our stakeholders
1.2	Key impacts, risks, and opportunities	Overview — About ASML

Organizational profile

2.1	Name organization	Contents
2.2	Products and services	Overview — About ASML
2.3	Operational structure	Overview — About ASML
2.4	Location headquarters	Overview — About ASML
2.5	Countries where located	Overview — About ASML
2.6	Nature of ownership and legal form	www.asml.com → Corporate Governance → Corporate Governance Chapter
2.7	Markets	Overview — About ASML
2.8	Size of operations	Overview — About ASML / Financial flows — Five-year overview / Social — Headcount
2.9	Organizational changes	Not applicable
2.10	Awards	Not applicable

Reporting parameters

3.1	Reporting period	Overview — About this report
3.2	Previous report	Overview — About this report
3.3	Reporting cycle	Overview — About this report
3.4	Contact person(s)	ASML Contact Information
3.5	Process report content	Overview — About this report
3.6	Scope	Overview — About this report
3.7	Scope limitations	Overview — About this report
3.8	Basis for reporting on joint ventures	ASML does not participate in any joint ventures
3.9	Data measurement techniques	Overview — About this report
3.10	Re-statements	Not applicable
3.11	Reporting changes	Overview — About this report
3.12	Standard Disclosures	GRI Table
3.13	Policy external assurance	Overview — About this report

Governance, Commitments, and Engagement

4.1	Governance structure	www.asml.com → Corporate Governance → Corporate Structure
4.2	Chair of the highest governance body	www.asml.com → Corporate Governance → Corporate Structure
4.3	Independent members	www.asml.com → Corporate Governance → Supervisory Board
4.4	Mechanisms for shareholders and employees	www.asml.com → Corporate Governance → Code of Conduct
4.5	Remuneration highest governance body	www.asml.com → Corporate Governance → Board of Management
4.6	Processes to ensure conflicts of interest are avoided	www.asml.com → Corporate Governance → Code of Conduct
4.7	Expertise highest governance body	www.asml.com → Corporate Governance → Board of Management
4.8	Internally developed statements	www.asml.com → Corporate Governance → Code of Conduct
4.9	Procedures of the highest governance body	www.asml.com → Corporate Governance → Board of Management
4.10	Performance highest governance body	www.asml.com → Corporate Governance → Board of Management
4.11	Precautionary approach	Overview — Principles
4.12	Externally developed principles	Overview — Principles
4.13	Memberships in associations	Overview — Principles
4.14	List of stakeholder groups	Governance and Management — Stakeholder dialogue
4.15	Identification and selection of stakeholders	Governance and Management — Stakeholder dialogue
4.16	Approaches to stakeholder engagement	Governance and Management — Stakeholder dialogue
4.17	Key topics through stakeholder engagement	Governance and Management — Stakeholder dialogue

Economic performance indicators

EC 1	Direct economic value	Financial flows — Five-year overview
EC 2	Financial implications due to climate change	Financial flows — Environment-related expenditure
EC 3	Coverage benefit plan obligations	Annual Report 2007
EC 4	Financial assistance received from government	Financial flows — Government-related payments
EC 6	Locally-based suppliers	Financial flows — Supplier-related payments
EC 7	Local hiring	Not applicable; ASML, as a technology-intensive company, sources workforce globally
EC 8	Infrastructure investments	Social — Working in society

Environmental performance indicators

EN 1	Weight of materials used	
EN 2	Recycled input materials	
EN 3	Direct energy consumption	Environment — Consumption of resources — Electricity and fuel consumption
EN 4	Indirect energy consumption	Environment — Consumption of resources — Electricity and fuel consumption
EN 8	Total water use	Environment — Consumption of resources — Water consumption
EN 11	Location land in protected areas	Not applicable
EN 12	Significant impacts on biodiversity	Not applicable
EN 16	Direct and indirect greenhouse gas emissions	Environment — Emissions — Air
EN 17	Other relevant indirect greenhouse gas emissions	Not applicable
EN 19	Emissions of ozone-depleting substances	Environment — Emissions
EN 20	NOx, SOx air emissions	Environment — Emissions — Air
EN 21	Total water discharge	Environment — Emissions — Water
EN 22	Total weight of waste by type and disposal method	Environment — Emissions — Waste
EN 23	Total spills	Environment — Incidents
EN 26	Initiatives to mitigate environmental impacts	Environment — Products
EN 27	Products reclaimed at end of products' useful life	Environment — Products
EN 28	Monetary value of significant fines	None in 2007

Social Indicators

Labor Rights and Decent Work

LA 1	Breakdown of total workforce	Social — Employment overview — Headcount
LA 2	Employee turnover	Social — Employment overview — Employee turnover, talent attraction and retention
LA 4	Employees covered by collective bargaining agreements	Social — Employee involvement
LA 5	Minimum notice period(s) regarding operational changes	Compliance with local laws and regulations
LA 7	Rates of injury, occupational diseases, lost days, and Absenteeism	Health — Absence / Safety — Incidents
LA 8	Risk-control programs regarding serious diseases	Health — Illness prevention
LA 10	Training per employee category	Social — Career development — Job-oriented training
LA 13	Gender breakdown of governance bodies	Supervisory Board has eight members; one is female. All four members of ASML's Board of Management are male.
LA 14	Ratio of basic salary of men to women	

Human Rights

HR 1	Significant investment agreements that include human rights clauses	Not applicable
HR 2	Screening of suppliers on human rights	Governance and Management — Evaluation of suppliers
HR 4	Incidents of discrimination	None reported
HR 5	Operations identified where freedom of association and collective bargaining may be at risk	None identified
HR 6	Operations identified as carrying risk for incidents of child labor	None identified
HR 7	Operations identified as carrying risk for incidents of forced or compulsory labor	None identified

Society

SO 1	Impact on communities	Social — Corporate Citizenship
SO 2	Number of business units analyzed for risks related to Corruption	All business units analyzed
SO 3	Employees trained in organization's anti-corruption policies and procedures	Part of training for ASML's Code of Conduct
SO 4	Actions taken in response to incidents of corruption	Part of training for ASML's Code of Conduct
SO 5	Public policy positions and participation in public policy development	Dedicated senior manager performs this function
SO 8	Monetary value of significant fines	None / Social — Working in society

Product Responsibility

PR 1	Improving health and safety impacts across the life cycle	Safety — Product safety
PR 3	Product information and labeling	ASML systems have extensive manuals covering all aspects of Operation
PR 6	Marketing communications	Practices comply with SEMI industry organization
PR 9	Monetary value of significant fines	None in 2007

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