

2019 Remuneration report

This remuneration report comprises information within the meaning of articles 2:135b Dutch Civil Code and Section 3.4.1 of the Dutch Corporate Governance Code.

This remuneration report is also published as part of ASML's Integrated Report 2019. We have extensive guidelines for the lay-out and the content of our reports. These guidelines are primarily based on applicable laws and regulations. With respect to the preparation process of this remuneration report, we follow the requirements of Dutch law and regulations, and apply internal procedures to safeguard the completeness and accuracy of such information as part of its disclosure controls and procedures.

A definition or explanation of abbreviations, technical terms and other terms used throughout this remuneration report that require explanation can be found in the definitions section of the Integrated Report 2019. In some cases, numbers have been rounded for readers' convenience.

Remuneration report

Introduction

The Supervisory Board, on recommendation of the Remuneration Committee, determines the remuneration of the members of the Board of Management. The revised Remuneration Policy was adopted by the General Meeting on April 24, 2019 and applies as of January 1, 2019 onwards.

In this Remuneration Report, an overview is provided of the Remuneration Policy for the Board of Management and the application thereof in 2019. This Remuneration Report will be submitted to the General Meeting in 2020 for an advisory vote.

ASML's performance in 2019

2019 was another growth year for ASML, with a revenue amounting to €11.8 billion. The increase in revenue was mainly due to the growth of EUV into volume production, especially within the Logic market. The number of EUV shipments grew to 26 in 2019, including 9 shipments of our NXE:3400C tools for use in volume manufacturing. The NXE:3400C delivers increased productivity of over 35%, as well as improved availability. The higher performance of the NXE:3400C offers significant customer value, and as we share in this higher value, it translates to improved pricing and margins for ASML.

Net income in 2019 amounted to €2,581.1 million, or 21.8% of total net sales, representing €6.13 basic net income per ordinary share. Important focus areas in 2019 were liquidity and free cash flow, given that our sales were concentrated into the end of the year as well as our continued investment into the future, which can be seen in the growth of our net working capital and an increased R&D and capital expenditure spend in 2019.

Remuneration policy

The Remuneration Policy supports the long-term development of the Company in a highly dynamic environment, while aiming to fulfill all stakeholders' requirements and keeping an acceptable risk profile. More than ever, the challenge for us is to drive technology, to serve our customers and to satisfy our stakeholders. These drivers are the backbone of the Remuneration Policy. The Supervisory Board ensures that the policy and its implementation are linked to the Company's objectives.

The objective of the Remuneration Policy is to enable ASML to attract, motivate and retain qualified industry professionals for the Board of Management to define and achieve our strategic goals. The policy acknowledges the internal and external context as well as our business needs and long-term strategy. The policy is designed to encourage behavior that is focused on long-term value creation, while adopting the highest standards of good corporate governance. The policy is aimed at motivating outstanding achievements, using a combination of non-financial and financial performance measures. Technology leadership and customer value creation are the key drivers of sustainable returns to our shareholders.

The policy is built on the following principles:

- Transparent - The policy and its execution are clear and practical;
- Aligned - The Remuneration Policy is aligned with the policy for ASML senior management and other ASML employees;
- Long-term oriented - The incentives focus on long-term value creation;
- Compliant - ASML adopts the highest standards of good corporate governance; and
- Simple - The policy and its execution are as simple as possible and easily understandable to all stakeholders.

Reference group and market positioning

We offer a remuneration package that is competitive as compared to a relevant labor market. To define this market, a reference group is created, consisting of companies that are comparable to us in terms of size and complexity, data transparency and geographical area. For as long as ASML is positioned around the median of the group of companies with respect to size (measured by enterprise value, revenue and number of employees), the median market level may serve as a reference in determining the level of pay for the Board of Management.

The reference group was updated as part of the revision of the Remuneration Policy, which was presented in the AGM in 2019. It consists of the following companies:

Reference group composition	
AkzoNobel	Leonardo-Finmeccanica
Alstom	Linde
Continental	Nokia
Covestro	Philips
DSM	SAP
Essilor	Schindler
Evonik	Shire
Givaudan	Smith & Nephew
Infineon Technologies	Solvay
Legrand	Yara International

In principle, a benchmark assessment is conducted every two years. In the year without a market assessment, the Supervisory Board considers the appropriateness of any change of base salary on the market environment as well as the salary adjustments for other ASML employees. To ensure an appropriate composition of the relevant labor market, the Supervisory Board reviews the composition of the reference group in conjunction with the frequency of the benchmark. Substantial changes applied to the composition of the reference group will be proposed to the shareholders.

Total direct compensation

The remuneration levels are determined using the total direct compensation. Total direct compensation consists of base salary, an STI and an LTI. Each component and corresponding performance measures are described in this section.

Other remuneration elements are pension and expense reimbursements. The latter may include company car costs, travel expenses, representation allowances, housing costs (gross amount before taxes), social-security costs, and health and disability insurance costs.

Base salary

The policy prescribes a benchmark that will be conducted for the total direct compensation level. The base salary of Board of Management members is derived from this level.

Variable income

The performance parameters are set by the Supervisory Board and consist of financial and qualitative measures. The Supervisory Board may adjust the performance measures and their relative weighting of the variable income based on the rules and principles as outlined in this policy, if required by changed strategic priorities in any given year.

The Supervisory Board assesses the extent to which performance standards are met at the end of a performance period.

2019 variable compensation (on-target)	Presidents	Other Board members
STI	80%	80%
LTI	110%	100%
Total variable compensation as % of base salary	190%	180%

In order to comply with the highest standards of Corporate Governance, appropriate claw-back and change-in-control provisions are incorporated in the employment contracts and management services contracts of all members of the Board of Management.

The Supervisory Board has the discretionary power to adjust the incentive pay-out upward or downward if it feels that the outcome is unreasonable due to exceptional circumstances during the performance period ('ultimum remedium'). Scenario analyses of the possible outcomes of the variable remuneration components and their effect on the remuneration of the Board of Management are conducted.

Short-term incentive

The STI refers to the annual performance-related cash incentive that is applicable to all members of the Board of Management. The target level of the STI is set at 80% of base salary for all members. In case of excellent performance, the maximum opportunity amounts to 150% of target.

To achieve alignment in the remuneration structure of the Board of Management and other ASML employees, the policy includes a modifier on the STI pay-out that is connected to the profit-sharing program for employees. In applying the modifier, the Supervisory Board will take into account the pay-out under the profit-sharing scheme for all ASML employees. The modifier enables the Supervisory Board to discretionarily adjust the STI pay-out of the Board of Management upward with 10% or downward with 20% of base salary.

For the STI the following criteria are set:

	Performance Measure	Weight
	Qualitative	
	Technology Leadership Index	20%
	Market position	20%
	Financial ¹	60%
	Total	100%

1. Every year, prior to the performance period, the Supervisory Board chooses several financial measures, depending on business challenges and circumstances, with a total weight of 60%.

The financial measures are chosen from the below list. The Supervisory Board may still deviate from this list when necessary, given any specific challenges in a given year, but will as much as possible choose measures from the pre-defined list.

Measure	Description
Sales	Total net sales as included in the US GAAP Consolidated Financial Statements
Gross Margin	Gross Profit as a percentage of total net sales
R&D opex	R&D costs as included in the US GAAP Consolidated Financial Statements
SG&A opex	SG&A costs as included in the US GAAP Consolidated Financial Statements
EBITDA Margin %	Income from operations (plus depreciation and amortization) as percentage of total net sales
EBIT Margin %	Income from operations as percentage of total net sales
Net Margin %	Net income as a percentage of total net sales
Free Cash Flow	Net cash provided by (used in) operating activities minus purchases of Property, plant and equipment and intangible assets
Cash Conversion Cycle ¹	Days Inventory Outstanding + Days Sales Outstanding -/- Days Payable Outstanding
Capital Expenditures	Investment in fixed assets

1. The Supervisory Board could also decide to focus on certain elements of Cash Conversion Cycle in any year, i.e. Days Inventory Outstanding, Days Sales Outstanding and / or Days Payable Outstanding, instead of Cash Conversion Cycle only.

Days Inventory Outstanding = Average (last 4 quarters) annual inventory divided by last 4 quarters cost of sales.
Days Sales Outstanding = Average (last 4 quarters) accounts receivable divided by last 4 quarters total net sales.
Days Payable Outstanding = Average (last 4 quarters) accounts payable divided by last 4 quarters cost of sales.

The performance measures form a balanced mix of financial (60%) and other business measures (40%).

For each of the performance criteria the Supervisory Board sets challenging but realistic target levels. The target-setting and performance review occur on an annual basis, except for circumstances where the Supervisory Board considers semi-annual target-setting more appropriate. All performance measures are set in advance and will not change during the performance period.

The pay-out levels are prorated upon the level of achievement of the aforementioned performance criteria. Below threshold performance, there is no pay-out. Meeting threshold performance will result in a pay-out of 50% of target pay-out. In case of excellent performance, the maximum pay-out is capped at 150% of the target pay-out. The STI is paid on an annual basis.

Long-term incentive

The LTI refers to the share-based incentive. All members of the Board of Management are eligible to receive performance-related shares. The target level of the LTI is set at 110% of base salary for the Presidents and 100% for the other members of the Board of Management. In case of excellent performance, the maximum opportunity amounts to 200% of target.

The performance shares are conditionally granted on an annual basis to Board of Management members. The shares will become unconditional depending on the achievement of predetermined performance targets during a three-year period. Each performance cycle starts on the first day of the year of grant. The number of performance shares to be conditionally awarded is calculated at the beginning of this period using the volume-weighted average share price during the last quarter of the year preceding the conditional award.

Performance measures

Three types of performance measures relate to the LTI:

- ASML's total shareholder return compared to a reference index.
- ASML's ROAIC compared to a pre-defined target to be set by the Supervisory Board prior to the performance period.
- Long-term strategic qualitative targets to ensure ASML's ability to keep performing at high standards. Depending on the strategic requirements, the definition and relative weight may change at the discretion of the Supervisory Board:
 - Technology Leadership Index
 - Sustainability

The definition of the total shareholder return target and calculation is as follows:

- ASML's relative change in share price, plus dividends paid over the relevant performance period. The total shareholder return is calculated as the difference between (i) the average (closing) share price during the last quarter of the performance period and (ii) the average (closing) share price during the quarter preceding the performance period; in the calculation, dividends are reinvested at the ex-dividend date. The total shareholder return of ASML (calculated with the ASML New York share) is compared to the PHLX Semiconductor Sector Index. This NASDAQ index is designed to track the performance of a set of companies engaged in the design, distribution, manufacture, and sale of semiconductors. There are two versions of this index, a price return index and a total return index, the latter of which is chosen (NASDAQ: X.SOX), since this index reinvests cash dividends, equivalent to the total shareholder return definition described above.

The definition of the ROAIC target and calculation is as follows:

- ASML's rate of return on capital it has put to work, regardless of the capital structure of the company. It is used as a fundamental metric to measure value creation of the company. The ROAIC is calculated by dividing the Net Operating Profit After Tax by the Average Invested Capital.

The aforementioned performance measures receive the following weights:

LTI performance measures	Weight
ROAIC	40%
Total shareholder return	30%
Technology Leadership Index	20%
Sustainability	10%
Total	100%

Performance incentive zone

The vesting of performance shares depends on the relative total shareholder return as compared to the aforementioned index, the ROAIC performance as compared to the pre-defined target and the evaluation of the qualitative targets by the Supervisory Board. The vesting will be calculated at the end of the three-year performance period for all performance measures, based on a predefined pay-out matrix.

Performance ASML vs PHLX Index (total shareholder return ASML -/- total shareholder return X.SOX)	Pay-out as a % of target
≥ 20%	200%
Between 0% and 20%	Linear between 100% and 200%
Between -20% and 0%	Linear between 50% and 100%
< -20%	—%

For ROAIC, the Technology Leadership Index and Sustainability targets, the same principle of threshold, target and maximum levels applies as for the STI, with the maximum pay-out equal to 200% of target. The Supervisory Board, in cooperation with the relevant subcommittees (Technology Committee, Audit Committee and Remuneration Committee), will assess the performance achieved against ROAIC and the qualitative targets. Both the STI and LTI make use of the Technology Leadership Index as a qualitative performance measure. The objective is equal, but the applicable measures, targets and performance periods are different and aligned with specific short- and long-term strategic priorities.

Grant date

Performance shares will be granted two days after the publication of ASML's annual results in January of the year in which the three-year performance period starts.

Holding period

The minimum holding period is two years after the vesting date. Upon termination of the employment contracts / management services contracts the transfer restrictions will remain in place during the holding period except in case of decease.

In case a tax payment is due by the members of the Board of Management over the retrieved variable income, performance shares may be partially sold at vesting ('sell to cover') in accordance with the law and internal regulations.

Share ownership guidelines

Members of the Board of Management are required to hold at least the value of two times base salary in the form of shares; for the two Presidents, this is three times base salary. This ensures an alignment of the interests of members of the Board of Management with long-term value creation throughout their employment with / services for the Company. The Remuneration Committee of the Supervisory Board will (i) after each financial year, determine the value of ASML shares then held by the individual members of the Board of Management, based on the shareholding data of the members of the Board of Management (to be) published in the Integrated Report over that year, (ii) include vested ASML shares that are still in the holding period when determining the value of the ASML shares held by the individual members of the Board of Management, (iii) not define penalties upfront should the value of ASML shares held by a member of the Board of Management be lower than agreed, but determine potential penalties by using its discretionary judgment, thereby taking into consideration all relevant circumstances, and (iv) allow new members of the Board of Management time to meet the share ownership requirements (three years, depending on the actual situation).

Other remuneration

Benefits

The pension arrangement for the Board of Management is based on the 'excedent' (supplementary) arrangement for our employees in the Netherlands. The plan is a defined contribution opportunity as defined in Dutch fiscal regulations. The total defined contribution is a percentage of the pensionable salary and depends on the participants' age at the beginning of the year. The total net contribution is according to the maximum level as allowed by Dutch fiscal legislation, of which the participant contributes 3.9% of his pension base.

Dependents' pension and disability pension are insured on a risk basis, the premium of which is paid by ASML. As a guiding principle, the value of the pension arrangement is set at the median of executive pensions in the Netherlands using a general industry sample of companies.

Severance payment

All employment agreements, respectively management services agreements, with members of the Board of Management contain specific provisions regarding benefits upon termination of those agreements. If the Company gives notice of termination of the agreement for reasons which are not exclusively or mainly found in acts or omissions on the side of the Board of Management member, a severance amount equal to one year base salary will be made available upon the effective date of termination.

This severance payment will also be made available in case of a termination of the agreement of a Board of Management member with mutual consent between such member and the Company.

Change of control over the company

Board of Management members are also entitled to the aforementioned severance payment in the event ASML or its legal successor gives notice of termination due to a change of control or if the Board of Management gives notice of termination, which is directly related to such change of control and such notice is given within 12 months from the date on which the change of control occurs.

The change of control provision includes a mitigation of the pay-out under the LTI. This entails that the share price will be fixed on the average of i) the average closing share price over a period of 15 trading days prior to the first public announcement of change in control negotiations and ii) the average share price over a period of 30 trading days prior to the closing of the transaction.

Loans

ASML does not grant any loans or guarantees to any of the members of the Board of Management.

Remuneration Board of Management and Supervisory Board in 2019

The remuneration of the Board of Management for the financial year 2019 is based upon and complies with the Remuneration Policy, as further explained below.

The Remuneration Policy supports the long-term development and strategy of the Company in a highly dynamic environment, while aiming to fulfill all stakeholders' requirements and keeping an acceptable risk profile. More than ever, the challenge for us is to drive technology, to serve our customers and to satisfy our stakeholders. The Supervisory Board ensured that the implementation of the Remuneration in 2019 was linked to the Company's objectives and as such encouraged behavior focused on long-term value creation.

The performance parameters for the variable remuneration set by the Supervisory Board in 2019 were based on the Remuneration Policy and consisted of financial and qualitative measures, balancing the various company objectives, both in the short term and the long-term.

The performance measures set for the STI formed a balanced mix of financial (60%) and other business measures (40%), which together ensured a balanced focus on both the (financial) performance of the company in the short term, as well as on the long-term sustainability of the company in terms of technological advancement and customer satisfaction.

The performance measures for the LTI were set in such a way that an optimal balance was achieved between the direct interest of ASML's investors, the long-term financial success of the Company, the long-term continuation of technological advancement, as well as the environmental and social dimensions of sustainability.

Over 2019, the STI will result in a cash payout of 133.8% of the target payout. The two non-financial performance criteria (Technology Leadership Index and Market Position) were both achieved between target and maximum performance level. For the financial performance criteria, the Supervisory Board at the beginning of the year chose the following three measures for the 2019 performance year: 1. EBIT Margin %, 2. EUV Gross Margin %, and 3. Free Cash Flow. The achievement over 2019 for these measures was as follows (expressed as payout percentage of target payout): EBIT margin 122% of target; EUV Gross Margin 150% of target, and Free Cash Flow 150% of target. The total STI outcome results in a cash payout of €5.1 million, representing 107.0% of the base salary of the Board of Management.

At the beginning of 2020, the Supervisory Board decided to apply the same three financial performance measures for 2020 as in the previous year: 1. EBIT Margin %, 2. EUV Gross Margin % and 3. Free Cash Flow.

The Long-Term Incentive (LTI) payout over the performance period 2017-2019 has been 82.7% of max. ASML achieved a TSR (total shareholder return) outperforming the PHLX Semiconductor Sector Index with 55.4 points leading to a payout of 100% of max for this element. For the ROAIC element the payout is 62.0% of max. The two qualitative LTI performance measures (Technology Leadership Index and Sustainability) were both achieved between target and maximum performance level.

Share ownership guidelines

All members of the Board of Management complied with the share ownership guidelines as incorporated in the Remuneration Policy.

Total remuneration Board of Management

The remuneration of the members of the Board of Management based on incurred accounting expenses in 2019, 2018 and 2017 was as follows (in € thousands):

Board of Management	Financial Year	Fixed			Total fixed	% Fixed	Short-term (variable)	Long-term (variable)	Total variable	% Variable	Total Remuneration	Total	Relative proportion (ratio between fixed % and variable %)
		Base salary	Pension	Other benefits			STI (cash)	LTI (share awards) ¹					
		€	€	€	€	€	€	€	€				
P.T.F.M. Wennink	2019 ^{2,3}	1,000	207	53	1,260	28.9 %	1,070	2,031	3,101	71.1 %	4,361	0.41	
	2018 (restated) ^{4,5}	978	203	53	1,234	35.9 %	747	1,452	2,199	64.1 %	3,433	0.56	
	2017 (restated) ^{5,6}	978	170	51	1,199	34.7 %	869	1,387	2,256	65.3 %	3,455	0.53	
M.A. van den Brink	2019 ^{2,3}	1,000	207	52	1,259	28.9 %	1,070	2,031	3,101	71.1 %	4,360	0.41	
	2018 (restated) ^{4,5}	978	203	51	1,232	35.9 %	747	1,452	2,199	64.1 %	3,431	0.56	
	2017 (restated) ^{5,6}	978	170	50	1,198	34.7 %	869	1,387	2,256	65.3 %	3,454	0.53	
F.J. van Hout	2019 ^{2,3}	680	114	44	838	30.6 %	728	1,172	1,900	69.4 %	2,738	0.44	
	2018 (restated) ^{4,5}	661	114	44	819	37.6 %	505	853	1,358	62.4 %	2,177	0.60	
	2017 (restated) ^{5,6}	661	114	43	818	35.9 %	587	871	1,458	64.1 %	2,276	0.56	
F.J.M. Schneider-Maunoury	2019 ^{2,3}	680	114	30	824	30.3 %	728	1,172	1,900	69.7 %	2,724	0.43	
	2018 (restated) ^{4,5}	661	114	31	806	37.2 %	505	858	1,363	62.8 %	2,169	0.59	
	2017 (restated) ^{5,6}	661	114	32	807	35.7 %	587	866	1,453	64.3 %	2,260	0.56	
R.J.M. Dassen ⁷	2019	680	93	47	820	27.7 %	728	1,408	2,136	72.3 %	2,956	0.38	
	2018 (restated) ⁵	386	53	28	467	52.0 %	295	135	430	47.9 %	897	1.09	
C.D. Fouquet ⁷	2019	680	74	47	801	36.4 %	728	674	1,402	63.6 %	2,203	0.57	
	2018 (restated) ⁵	496	45	32	573	50.9 %	379	173	552	49.1 %	1,125	1.04	
Total Board of Management	2019	4,720	809	273	5,802	30.0 %	5,052	8,487	13,539	70.0 %	19,341	0.43	
	2018	4,160	732	239	5,131	38.8 %	3,178	4,923	8,101	61.2 %	13,232	0.63	
	2017	3,278	568	176	4,022	35.1 %	2,912	4,511	7,423	64.9 %	11,445	0.54	

- The remuneration reported as part of the LTI (share awards) is based on costs incurred under US GAAP and EU-IFRS. The costs of share awards are charged to the Consolidated Statements of Operations over the 3-year vesting period based on the number of awards expected to vest. For the first 2 years, we apply the maximum achievable number of share awards, and in the final performance year of the awards we update this estimate for the non-market performance conditions. Therefore the costs for the financial year 2019 include costs of the Board of Management performance share plan 2019 (at maximum vesting), 2018 (at maximum vesting) and 2017 (at revised best estimate of the number of shares that will vest). Furthermore, any difference between the amount based on the best estimate of achievable number of shares awards and the amount based on the actual number of share awards that vest, is released to the Consolidated Statements of Profit or Loss in the financial year in which the share awards vest.
- The LTI (share awards) remuneration reported for the year 2019 includes an adjustment for the 2016 Board of Management performance share plan based on the actual number of share awards vested in 2019. The adjustment for Mr. Wennink, Mr. van den Brink, Mr. van Hout and Mr. Schneider-Maunoury amounts to €(346,501), €(346,501), €(234,185) and €(234,185) respectively. The remuneration committee awarded the Board of Management a payout of 75% of maximum compared to the result of 65% of maximum for vesting of the 2016 award. This resulted in an incremental fair value step-up for the LTI (share awards) for the year 2019 of €0.6 million. The adjustment for Mr. Wennink, Mr. van den Brink, Mr. van Hout and Mr. Schneider-Maunoury amounts to €168,774, €168,774, €114,067 and €114,067 respectively. The net impact is respectively €(177,727), €(177,727), €(120,118) and €(120,118).
- The LTI (share awards) remuneration reported for the year 2019 includes an adjustment for the 2017 Board of Management performance share plan based on a best estimate of the number of share awards, which are expected to vest in 2020. The adjustment for Mr. Wennink, Mr. van den Brink, Mr. van Hout and Mr. Schneider-Maunoury amounts to €(943,898), €(943,898), €(542,241) and €(542,241) respectively. Additionally a modification has been taken into account for a non-market element. This resulted in an incremental fair value step-up for the LTI (share awards) for the year 2019 of €4.2 million. The adjustment for Mr. Wennink, Mr. van den Brink, Mr. van Hout and Mr. Schneider-Maunoury amounts to €1,337,544, €1,337,544, €768,379 and €768,379 respectively. The net impact is respectively €393,646, €393,646, €226,138 and €226,138.
- The LTI (share awards) remuneration reported for the year 2018 includes an adjustment for the Board of Management performance share plan 2015 based on the actual number of share awards vested in 2018. The adjustment for Mr. Wennink, Mr. van den Brink, Mr. van Hout and Mr. Schneider-Maunoury amounts to €(394,434), €(394,434), €(264,593) and €(257,605) respectively.
- The LTI (share awards) for 2018 and 2017 have been restated refer to the details of the restatement to the section Restatement remuneration Board of Management below.
- The LTI (share awards) remuneration reported for the year 2017 includes an adjustment for the Board of Management performance share plan 2014 based on the actual number of share awards vested in 2017. The adjustment for Mr. Wennink, Mr. van den Brink, Mr. van Hout and Mr. Schneider-Maunoury amounts to €(271,533), €(271,533), €(182,095) and €(177,459) respectively.
- As per the 2018 AGM Roger Dassen and Christophe Fouquet were appointed as members of the Board of Management. Roger Dassen replaced Wolfgang Nickl who stepped down from his position with ASML as per the 2018 AGM.

The remuneration of W.U. Nickl, former member of the Board of Management based on incurred accounting expenses in 2019, 2018 and 2017 was as follows (in € thousands):

Former Board of Management	Financial Year	Fixed			Total fixed	% Fixed	Short-term (variable)	Long-term (variable)	Total variable	% Variable	Total Remuneration	Relative proportion (ratio between fixed % and variable %)
		Base salary	Pension	Other benefits								
		€	€	€		€	€	€		€		
W.U. Nickl ⁵	2018 (restated) ^{2,3}	220	25	19	264	18.2 %	168	1,020	1,188	81.8 %	1,452	0.22
	2017 (restated) ^{3,4}	661	67	47	775	43.5 %	587	419	1,006	56.5 %	1,781	0.77

- The remuneration reported as part of the LTI (share awards) is based on costs incurred under US GAAP and EU-IFRS. The costs of share awards are charged to the Consolidated Statements of Operations over the 3-year vesting period based on the number of awards expected to vest. For the first 2 years, we apply the maximum achievable number of share awards, and in the final performance year of the awards we update this estimate for the non-market performance conditions. Therefore the costs for the financial year 2019 include costs of the Board of Management performance share plan 2019 (at maximum vesting), 2018 (at maximum vesting) and 2017 (at revised best estimate of the number of shares that will vest). Furthermore, any difference between the amount based on the best estimate of achievable number of shares awards and the amount based on the actual number of share awards that vest, is released to the Consolidated Statements of Profit or Loss in the financial year in which the share awards vest.
- The LTI (share awards) remuneration reported for the year 2018 includes an adjustment for the Board of Management performance share plan 2015 based on the actual number of share awards vested in 2018. The adjustment for Mr. Nickl amounts to €(253,072).
- The LTI (share awards) for 2018 and 2017 have been restated refer to the details of the restatement to the section Restatement remuneration Board of Management below.
- The remuneration reported as part of the LTI (share awards) for the year 2017 includes an adjustment for the Board of Management performance share plan 2014 based on the actual number of share awards vested in 2017. The adjustment for Mr. Nickl amounts to €(963,017).
- As per the 2018 AGM Roger Dassen and Christophe Fouquet were appointed as members of the Board of Management. Roger Dassen replaced Wolfgang Nickl who stepped down from his position with ASML as per the 2018 AGM.

Restatement remuneration Board of Management

The remuneration of key management personnel, comprising of members of the Board of Management has been restated for 2018 and 2017 due to incorrect accounting for share based remuneration. Restatements have the following impact per board member disclosure (in € thousands):

Board of Management	Financial Year	Original reported	Accounting for	Absence accounting	Restated LTI-share awards
		LTI-share awards	market based elements	incremental fair value step-up for modification 2015 award upon vesting	
		€	€	€	€
P.T.F.M. Wennink	2018	1,560	(174)	66	1,452
	2017	1,471	(84)		1,387
M.A. van den Brink	2018	1,560	(174)	66	1,452
	2017	1,471	(84)		1,387
F.J. van Hout	2018	908	(100)	45	853
	2017	919	(48)		871
F.J.M. Schneider-Maunoury	2018	914	(100)	44	858
	2017	914	(48)		866
R.J.M. Dassen	2018	149	(14)		135
C.D. Fouquet	2018	191	(18)		173
Total Board of Management	2018	5,282	(580)	221	4,923
	2017	4,775	(264)	—	4,511

Restatements have the following disclosure impact for former member of the Board of Management (in € thousands):

Former Board of Management	Financial Year	Original reported	Accounting for	Absence accounting	Timing acceleration	Restated LTI-share awards
		LTI-share awards	market based elements	incremental fair value step-up for modification 2015 award upon vesting		
		€	€	€		€
W.U. Nickl	2018	970	(117)	42	125	1,020
	2017	650	(100)	—	(131)	419

The Remuneration of key management personnel, comprising of members of the Board of Management has been restated for 2018 and 2017 due to incorrect accounting of the following:

Accounting for market based elements

The market based elements were incorporated in the performance plans starting in 2017, but incorrectly accounted for as non-market based elements. In addition, the fair value in use was incorrectly not adjusted for the absence of dividend rights during the vesting period. Impact is €(0.7 million) in 2018 and €(0.4 million) in 2017.

Accounting for incremental fair value step-up for modification of 2015 award

The LTI (share awards) remuneration reported for the year 2018 includes a restatement pertaining to the remuneration committee awarding the Board of Management a payout of 75% of maximum compared to the result of 68.8% of maximum for the 2015 award. This resulted in a modification that was incorrectly accounted for in 2018, resulting in an incremental fair value step-up of €0.3 million.

Timing of accounting for acceleration - former member of the Board of Management

The accelerated expenses related to the LTI (share awards) of Mr. Nickl, were not fully recorded in the proper period resulting in a correction of the expense recognized between 2018 and 2017 of €0.1 million.

Accounting for excess tax levy upon termination

Total restated remuneration for financial year 2018 is excluding an estimated amount of €8.3 million to account for the tax levy payable to the Dutch tax authorities by the Company on termination benefits pursuant to Article 32bb of the Dutch wage tax act, and including this tax levy brings the total remuneration expense for Mr. Nickl for the financial year 2018 to €9.8 million.

Relationship between accounted remuneration and company's performance

The following table sets forth an overview of the relationship between accounted remuneration and the company's performance (in € thousands):

	2015	2016	2017	2018	2019
Net sales	6,287,375	6,875,073	8,962,658	10,944,016	11,820,001
Net income based on US GAAP	1,387,174	1,557,850	2,066,679	2,591,614	2,592,252
Net income based on IFRS	1,619,489	1,642,800	2,173,400	2,525,515	2,581,107
ASML share price (closing price on Euronext Amsterdam in €)	82.6	106.7	145.2	137.2	263.7
Remuneration President (CEO)	3,558	3,458	3,455	3,433	4,361
Remuneration President (CTO)	3,603	3,462	3,454	3,431	4,360
Remuneration Executive Vice President (CFO)	—	—	—	897	2,956
Remuneration Executive Vice President (CSO)	2,530	2,360	2,276	2,177	2,738
Remuneration Executive Vice President EUV	—	—	—	1,125	2,203
Remuneration Executive Vice President (COO)	2,450	2,301	2,260	2,169	2,724
Average remuneration per FTE	110	110	109	107	106
Internal pay ratio (CEO versus employee remuneration)	32	31	32	32	41

The remuneration of the CFO and Executive Vice President EUV is lower in 2018, since they were appointed as members of the Board of Management per the 2018 AGM.

Explanation of changes in company's performance versus remuneration

The table set out above aims to provide insight into the Company's performance over the past five years and the development of the remuneration. The metrics sales, net income and share price are used to measure company performance, as they are key metrics serving as a good proxy for ASML's general performance, as well as in view of comparability with other companies. The Company has grown significantly over the last years, not only reflected in the number of employees but also in terms of revenue. Since 2014, net sales increased with 102%. The performance of the Company in that same period has increased significantly as well, reflected for example in Net Income (82% growth since 2014 based on IFRS) and Total Shareholder Return (195% growth). The size of the company (measured by enterprise value, revenue and number of employees) is taken into account in determining the group of reference companies that are used for the benchmark to assess the competitiveness of the Board of Management remuneration compared to the labor market. This has led to revisions of the Board of Management remuneration policy in 2017 and 2019, resulting into higher base salaries as well as higher levels of STI (at target) and LTI (at target). Actual remuneration may fluctuate year over year depending on actual STI pay-out in any year, as well as the vesting of performance shares (LTI) in any year and the share price at that moment. Average remuneration per FTE has decreased slightly since 2015, mainly due to the relatively high influx of new employees in that period and a faster growth of employees in countries with lower average salaries.

Relationship between CEO and average remuneration (pay ratio)

Revision of the Board of Management Remuneration Policy in 2019 and the slight decrease of the average remuneration per FTE has resulted in an increase of the pay ratio to 41:1 in 2019 (2018 (restated) 32:1)¹. ASML intends to grant competitive remuneration to employees at all position levels within the Company. At each level remuneration should reflect the responsibilities of the role. The build-up of remuneration from level to level should therefore be gradual and in line with increasing responsibilities, also following market practice. At the highest level the steps become gradually bigger as responsibilities ultimately rise from a divisional level to an overall company level. The Supervisory Board considers the current build-up and the overall pay ratio of 41:1 to be equitable, considering the current size and organization structure of the company.

1. This ratio consists of the CEO's total remuneration during 2019 of 4,360,636, compared to the average remuneration of all employees. The average remuneration of all employees was calculated using the average number of payroll employees in FTE (wages and salaries + pension and retirement expenses + share-based payments) / average number of payroll employees = €2,352 million / 22,192 = €106 thousand. This ratio is prepared in accordance with the Dutch Corporate Governance Code and has not been prepared to comply the Pay Ratio Disclosure requirements under SEC regulations.

Total remuneration current members of the Supervisory Board

The following table sets forth an overview of the remuneration awarded to Supervisory Board members over five years (in € thousands):

	Financial year	Supervisory Board	Audit committee	Remuneration committee	Selection and nomination committee	Technology committee	Other	Total fixed	% Fixed	Total variable	% Variable	Total remuneration
		€	€	€	€	€	€	€		€		€
G.J. Kleisterlee	2019 ¹	108	15	—	17	12	—	152	100 %	—	— %	152
	2018 ¹	100	13	—	15	10	—	138	100 %	—	— %	138
	2017 ¹	99	12	—	14	10	—	135	100 %	—	— %	135
	2016 ^{1,5}	86	10	—	9	8	—	113	100 %	—	— %	113
	2015 ⁶	60	—	—	—	6	—	66	100 %	—	— %	66
D.A. Grose	2019 ³	83	—	—	12	17	20	132	100 %	—	— %	132
	2018	90	—	—	10	15	—	115	100 %	—	— %	115
	2017 ⁴	88	—	—	10	14	1	113	100 %	—	— %	113
	2016 ⁴	80	—	—	8	12	5	105	100 %	—	— %	105
	2015 ⁴	80	—	—	8	12	4	104	100 %	—	— %	104
T.L. Kelly	2019 ³	73	—	12	—	—	15	100	100 %	—	— %	100
	2018 ²	53	—	7	—	—	—	60	100 %	—	— %	60
	2017	—	—	—	—	—	—	—	— %	—	— %	—
	2016	—	—	—	—	—	—	—	— %	—	— %	—
	2015	—	—	—	—	—	—	—	— %	—	— %	—
A.P. Aris	2019 ³	68	—	—	12	12	5	97	100 %	—	— %	97
	2018	60	—	3	7	10	—	80	100 %	—	— %	80
	2017	60	—	10	—	10	—	80	100 %	—	— %	80
	2016	60	—	8	—	8	—	76	100 %	—	— %	76
	2015 ⁶	60	—	6	—	4	—	70	100 %	—	— %	70
R.D. Schwalb	2019	68	15	17	—	—	—	100	100 %	—	— %	100
	2018	60	13	15	—	—	—	88	100 %	—	— %	88
	2017	60	12	14	—	—	—	86	100 %	—	— %	86
	2016	60	10	11	—	—	—	81	100 %	—	— %	81
	2015 ⁶	60	10	6	—	—	—	76	100 %	—	— %	76
C.M.S. Smits Nusteling	2019	68	22	—	—	—	—	90	100 %	—	— %	90
	2018	60	20	—	—	—	—	80	100 %	—	— %	80
	2017	60	19	—	—	—	—	79	100 %	—	— %	79
	2016	60	15	—	—	—	—	75	100 %	—	— %	75
	2015	60	14	—	—	—	—	74	100 %	—	— %	74
J.M.C. Stork	2019 ³	73	—	12	—	12	20	117	100 %	—	— %	117
	2018	80	—	10	—	10	—	100	100 %	—	— %	100
	2017	80	—	10	—	10	—	100	100 %	—	— %	100
	2016	80	—	6	—	8	—	94	100 %	—	— %	94
	2015	80	—	—	—	8	—	88	100 %	—	— %	88
W.H. Ziebart	2019 ³	68	15	—	—	12	5	100	100 %	—	— %	100
	2018	60	9	3	—	10	—	82	100 %	—	— %	82
	2017	60	—	10	—	10	—	80	100 %	—	— %	80
	2016	60	—	9	—	8	—	77	100 %	—	— %	77
	2015	60	—	12	—	8	—	80	100 %	—	— %	80
Total	2019	609	67	41	41	65	65	888	100 %	—	— %	888
	2018	563	55	38	32	55	—	743	100 %	—	— %	743
	2017	507	43	44	24	54	1	673	100 %	—	— %	673
	2016	486	35	34	17	44	5	621	100 %	—	— %	621
	2015	460	24	24	8	38	4	558	100 %	—	— %	558

1. During 2019, 2018, 2017 and 2016 Gerard J. Kleisterlee was invited as a guest to the Audit Committee and received an observer fee.

2. During 2018 Terri L. Kelly succeeded Pauline F.M. van der Meer Mohr as a member of the Supervisory Board.

3. Other mainly consists of the extra allowance for intercontinental meetings.

4. In 2017, 2016 and 2015 the Vice Chairman of the Supervisory Board received respectively €1,250, €5,000 and €3,750 in addition to the annual fixed fee.

5. After the first quarter for 2016 Gerard J. Kleisterlee replaced Arthur P.M. van der Poel for the role of Chairman of the Supervisory Board.

6. During 2015 Antoinette (Annet) P. Aris, Gerard J. Kleisterlee and Rolf-Dieter Schwalb were appointed as member of the Supervisory Board and therefore received an observer fee in the first quarter.

Additional reimbursements

In addition to the table above, ASML paid a net cost allowance amounting to €1,380 to each Supervisory Board member, and €1,980 to the Chair of the Supervisory Board in 2019.

Loans

The Company has not granted any (personal) loans to, nor has it granted any guarantees or the like in favor of, any of the members of the Supervisory Board.

Total remuneration

The annual remuneration for the members of the Board of Management and Supervisory Board members during 2019 amounts to €20.2 million (2018 (restated): €14.0 million).

Total remuneration former members of the Supervisory Board

The following table sets forth an overview of the remuneration awarded to the former Supervisory members in 2019, 2018 and 2017 (in € thousands):

	Financial year	Supervisory Board	Audit committee	Remuneration committee	Selection and nomination committee	Technology committee	Other	Total fixed	% Fixed	Total variable	% Variable	Total remuneration
		€	€	€	€	€	€	€		€		€
P.F.M. van der Meer	2019	—	—	—	—	—	—	—	— %	—	— %	—
Mohr	2018 ¹	20	4	—	3	—	—	27	100 %	—	— %	27
	2017	60	12	—	10	—	—	82	100 %	—	— %	82

1. During 2018 Terri L. Kelly succeeded Pauline F.M. van der Meer Mohr as a member of the Supervisory Board.

Relationship between Supervisory Board remuneration and company's performance

The remuneration of the supervisory board is not directly linked to the performance of the company.

Remuneration grant by subsidiaries or other companies

No remuneration has been granted and allocated by subsidiaries or other companies whose financials are consolidated by ASML N.V. since all members of the Board of directors and the Supervisory Board are paid directly by ASML N.V.

Severance payments

No severance payments were granted to members of the Board of Management and the Supervisory Board.

Claw-back variable remuneration

No variable remuneration has been clawed-back.

Share-based payments

Performance based share-based remuneration current Board of Management

Board of Management	Grant date	Status	Full control	Number of shares: market based ¹	Fair value at grant date ⁵	Number of shares: non-market based ¹	Fair value at grant date ⁵	Total target number of shares at grant date	Total maximum number of shares at grant date	Vesting date	Total number of shares at vesting date ²	Share price at vesting	End of lock-up date
P.T.F.M. Wennink	7/19/19	Conditional	No	2,217	245.4	5,173	194.4	7,390	14,780	1/1/22	—	n/a	1/1/24
	1/19/18 (restated)	Conditional	No	1,958	215.1	4,570	162.8	6,528	13,056	1/19/21	—	n/a	1/19/23
	1/20/17 (restated)	Conditional	No	3,037	145.4	7,085	110.5	10,122	20,243	1/1/20	16,733	263.7	1/1/22
	1/22/16	Unconditional	No	—	—	8,290	83.6	8,290	16,579	1/22/19	12,435	141.4	1/22/21
	1/23/15	Unconditional	No	—	—	8,355	94.4	8,355	16,710	1/23/18	12,533	167.0	1/23/20
	1/24/14	Unconditional	No	—	—	9,640	64.4	9,640	19,280	1/24/17	15,063	113.9	1/24/19
M.A. van den Brink	7/19/19	Conditional	No	2,217	245.4	5,173	194.4	7,390	14,780	1/1/22	—	n/a	1/1/24
	1/19/18 (restated)	Conditional	No	1,958	215.1	4,570	162.8	6,528	13,056	1/19/21	—	n/a	1/19/23
	1/20/17 (restated)	Conditional	No	3,037	145.4	7,085	110.5	10,122	20,243	1/1/20	16,733	263.7	1/1/22
	1/22/16	Unconditional	No	—	—	8,290	83.6	8,290	16,579	1/22/19	12,435	141.4	1/22/21
	1/23/15	Unconditional	No	—	—	8,355	94.4	8,355	16,710	1/23/18	12,533	167.0	1/23/20
	1/24/14	Unconditional	No	—	—	9,640	64.4	9,640	19,280	1/24/17	15,063	113.9	1/24/19
F.J. van Hout	7/19/19	Conditional	No	1,371	245.4	3,198	194.4	4,569	9,137	1/1/22	—	n/a	1/1/24
	1/19/18 (restated)	Conditional	No	1,125	215.1	2,626	162.8	3,751	7,501	1/19/21	—	n/a	1/19/23
	1/20/17 (restated)	Conditional	No	1,745	145.4	4,070	110.5	5,815	11,629	1/1/20	9,613	263.7	1/1/22
	1/22/16	Unconditional	No	—	—	5,603	83.6	5,603	11,205	1/22/19	8,404	141.4	1/22/21
	1/23/15	Unconditional	No	—	—	5,605	94.4	5,605	11,210	1/23/18	8,408	167.0	1/23/20
	1/24/14	Unconditional	No	—	—	6,465	64.4	6,465	12,929	1/24/17	10,101	113.9	1/24/19
F.J.M. Schneider-Maunoury	7/19/19	Conditional	No	1,371	245.4	3,198	194.4	4,569	9,137	1/1/22	—	n/a	1/1/24
	1/19/18 (restated)	Conditional	No	1,125	215.1	2,626	162.8	3,751	7,502	1/19/21	—	n/a	1/19/23
	1/20/17 (restated)	Conditional	No	1,745	145.4	4,070	110.5	5,815	11,629	1/1/20	9,613	263.7	1/1/22
	1/22/16	Unconditional	No	—	—	5,603	83.6	5,603	11,205	1/22/19	8,404	141.4	1/22/21
	1/23/15	Unconditional	No	—	—	5,456	94.4	5,456	10,912	1/23/18	8,184	167.0	1/23/20
	1/24/14	Unconditional	No	—	—	6,300	64.4	6,300	12,599	1/24/17	9,843	113.9	1/24/19
R.J.M. Dassen ^{3,4}	7/19/19	Conditional	No	1,371	245.4	3,198	194.4	4,569	9,137	1/1/22	—	n/a	1/1/24
	1/25/19	Conditional	No	3,000	169.0	7,000	148.3	10,000	20,000	1/1/22	—	n/a	1/1/24
	1/19/18 (restated)	Conditional	No	657	274.6	1,531	185.0	2,188	4,376	1/19/21	—	n/a	1/19/23
C.D. Fouquet ³	07/19/19	Conditional	No	1,371	245.4	3,198	194.4	4,569	9,137	1/1/22	—	n/a	1/1/24
	1/19/18 (restated)	Conditional	No	844	274.6	1,969	185.0	2,813	5,626	1/19/21	—	n/a	1/19/23

- As of 2017, a market-based element (Total Shareholder Return compared to a reference index) was incorporated in the performance plans. The fair value per award has been calculated for the market (30%) and non-market (70%) elements separately as required under US GAAP and EU-IFRS. As from 2019, we state the number of performance shares at grant date at target level. Prior to 2019, the number of shares were stated at maximum vesting (200% of target).
- The number of shares represent the gross compensation, before any tax payments using shares is performed. Vested performance shares may be partially sold to pay for taxes over the performance shares ('sell to cover'), which is in accordance with applicable tax regulations and our Remuneration Policy.
- As per the 2018 AGM Roger Dassen and Christophe Fouquet were appointed as members of the Board of Management. Roger Dassen replaced Wolfgang Nickl who stepped down from his position with ASML as per the 2018 AGM.
- An additional performance share award was awarded to Roger Dassen for a target amount of 10,000 shares on January 25, 2019. The vesting and performance conditions are in line with other Board of Management performance plans.
- The restatement refers to the fair value of shares granted, as determined for accounting purposes. It has no impact on the number of performance shares granted.

Performance based share-based remuneration for former member of the Board of Management

Former Board of Management	Grant date	Status	Full control	Number of shares: market based ¹	Fair value at grant date ⁵	Number of shares: non-market based ¹	Fair value at grant date ⁵	Total target number of shares at grant date	Total maximum number of shares at grant date	Vesting date	Total number of shares at vesting date ²	Share price at vesting	End of lock-up date
W.U. Nickl ^{3,4}	1/19/18 (restated)	Conditional	No	375	215.1	875.5	162.8	1,250.5	2,501	1/19/21	—	n/a	1/19/23
	1/20/17 (restated)	Conditional	No	1,745	145.4	4,070	110.5	5,815	11,629	1/1/20	9,613	n/a	1/1/22
	1/22/16	Unconditional	No	—	—	5,603	83.6	5,603	11,205	1/22/19	8,404	263.7	1/22/21
	1/23/15	Unconditional	No	—	—	5,360	94.4	5,360	10,720	1/23/18	8,040	141.4	1/23/20
	1/24/14	Unconditional	No	—	—	6,187	64.4	6,187	12,373	1/24/17	9,669	167.0	1/24/19
	1/24/14	Unconditional	No	—	—	28,000	64.4	28,000	56,000	1/24/17	43,748	113.9	1/24/19

- As of 2017, a market-based element (Total Shareholder Return compared to a reference index) was incorporated in the performance plans. The fair value per award has been calculated for the market (30%) and non-market (70%) elements separately as required under US GAAP and EU-IFRS. As from 2019, we state the number of performance shares at grant date at target level. Prior to 2019, the number of shares were stated at maximum vesting (200% of target).
- The number of shares represent the gross compensation, before any tax payments using shares is performed. Vested performance shares may be partially sold to pay for taxes over the performance shares ('sell to cover'), which is in accordance with applicable tax regulations and our Remuneration Policy.
- ASML compensated part of the shares and stock options that were forfeited when Mr. Nickl left his former company in the US. This compensation takes the form of a maximum of 56,000 performance related shares awarded in 2014, subject to the performance conditions, a three year vesting period and a two year holding period as applicable under the Remuneration Policy.
- As per the 2018 AGM Roger Dassen and Christophe Fouquet were appointed as members of the Board of Management. Roger Dassen replaced Wolfgang Nickl who stepped down from his position with ASML as per the 2018 AGM.
- The restatement refers to the fair value of shares granted, as determined for accounting purposes. It has no impact on the number of performance shares granted.

Reasons, criteria and principal conditions for granting shares

Reference is made to section Introduction - Remuneration policy, where the reasons, criteria and conditions for granting shares are set out. These apply to each member of the Board of Management.

Main conditions

ASML has share based-payment plans for the company's employees. These plans consist of performance plans including services and service only plans. The performance plans contain 70% non-market based elements and a 30% market based element. The fair value of the market based element of the performance plans (30% Total Shareholder Return as compared to a specific peer group) is measured at the grant date incorporating the expected vesting and expected value at vesting, using a tailored Monte Carlo simulation model. The fair value of the non-market based element of the performance plans (ROAIC (40%), rating in technology index (20%) and sustainability (10%)) and the service plans (being service over specified period of time) is measured at the grant date at the share price less present value of expected dividends during the vesting period, as participants are not entitled to dividends payable and voting rights during the vesting period. The likelihood of the conditions being met for service and non-market performance plans is assessed as part of the company's best estimate of the number of equity instruments that will ultimately vest.

Participants are entitled to a conditional grant of company shares upon awarding. Performance plans are subject to cliff vesting and are accounted for on a straight line basis. Service only plans are subject to graded vesting. Each installment of the plan is therefore accounted as a separate grant with a separate fair value. This means that each installment will be separately measured and attributed to expense over the related vesting period. Expenses for the market based element are recognized during vesting at a fixed vesting level (as the vesting expectation is incorporated in the fair value) provided that all other performance conditions are met. Expenses for the non-market based elements and service plans are recognized during vesting at expected vesting levels, which are updated during vesting period as necessary, with a final update/adjustment at vesting date. All share based remuneration expenses are recognized as personnel expense, with a corresponding entry in equity, during the vesting period of the award. Share based remuneration expenses are included in the same income statement line or lines in the functional grouped consolidated statement of operations as the compensation paid to the employees receiving the stock-based awards.

Option remuneration current and former Board of Management

No options have been granted to the current members and former members of the Board of Management during the last five years.

Shared-based remuneration Supervisory Board

No shares and options have been granted to the current and former members of the Supervisory Board during the last five years.

Shared-based remuneration employees

	EUR-denominated		USD-denominated	
	Number of shares	Weighted average fair value at grant date (€)	Number of shares	Weighted average fair value at grant date (USD)
Conditional shares outstanding at January 1, 2017	884,204	79.33	954,608	95.81
Granted	342,120	125.16	326,804	130.77
Vested	(388,127)	81.13	(387,779)	99.35
Forfeited	(56,107)	70.76	(57,079)	98.97
Conditional shares outstanding at December 31, 2017	782,090	99.10	836,554	107.61
Granted	288,679	161.63	348,997	187.98
Vested	(293,075)	108.10	(315,333)	113.96
Forfeited	(56,867)	96.98	(209,036)	108.33
Conditional shares outstanding at December 31, 2018	720,827	120.73	661,182	146.78
Granted	315,578	190.33	255,885	206.90
Vested	(304,322)	116.82	(282,971)	138.04
Forfeited	(50,054)	96.74	(55,597)	138.43
Conditional shares outstanding at December 31, 2019	682,029	157.48	578,499	179.22

Reasons, criteria and principle conditions for granting shares to employees

Reference is made to section Introduction - Remuneration.

Main conditions

Reference is made to section Share-based payments - Main conditions.

Other information

Every quarter, we offer our worldwide payroll employees the opportunity to buy our shares against fair value using their net salary. The Board of Management is excluded from participation in this plan. The fair value for shares is based on the closing price of our shares listed at Euronext Amsterdam on grant date. The maximum net amount for which employees can participate in the plan amounts to 10.0% of their annual gross base salary. When employees retain the shares for a minimum of 12 months, we will pay out a 20.0% cash bonus on the initial participation amount.

In July 2002, we adopted a non-qualified deferred compensation plan for our US employees that allows a select group of management or highly compensated employees to defer a portion of their salary, bonus, and commissions. The plan allows us to credit additional amounts to the participants' account balances. The participants divide their funds among the investments available in the plan. Participants elect to receive their funds in future periods after the earlier of their employment termination or their withdrawal election, at least 3 years after deferral. Expenses were close to nil relating to this plan in 2019, 2018 and 2017. Cymer has a similar non-qualified deferred compensation plan for a selected group of management level employees in the US in which the employee may elect to defer receipt of current compensation in order to provide retirement and other benefits on behalf of such employee backed by Cymer owned life insurance policies.

As of December 31, 2019, our liability under deferred compensation plans was €56.6 million (2018: €46.8 million).

Option plan remuneration employees

	EUR-denominated		USD-denominated	
	Number of shares	Weighted average fair value at grant date (€)	Number of shares	Weighted average fair value at grant date (USD)
Outstanding, January 1, 2017	323,604	36.61	165,597	58.18
Exercisable, January 1, 2017	323,604	36.61	165,597	58.18
Granted	—	—	—	—
Exercised	(115,606)	25.11	(46,938)	47.11
Forfeited	(399)	55.11	—	—
Expired	—	—	—	—
Outstanding, December 31, 2017	207,599	42.67	118,659	62.85
Exercisable, December 31, 2017	207,599	42.67	118,659	62.85
Granted	—	—	—	—
Exercised	(90,710)	19.86	(46,208)	36.65
Forfeited	—	—	—	—
Expired	(197)	—	(2,152)	—
Outstanding, December 31, 2018	116,692	60.41	70,299	81.43
Exercisable, December 31, 2018	116,692	60.49	70,299	81.43
Granted	—	—	—	—
Exercised	(27,952)	46.90	(14,750)	72.86
Forfeited	—	—	—	—
Expired	—	—	—	—
Outstanding, December 31, 2019	88,740	64.80	55,549	83.71
Exercisable, December 31, 2019	88,740	64.80	55,549	83.71

Details with respect to the stock options outstanding are set out in the following table:

	EUR-denominated			USD-denominated		
	Range of exercise prices (€)	Number of outstanding options at December 31, 2019	Weighted average remaining contractual life of outstanding options (years)	Range of exercise prices (USD)	Number of outstanding options at December 31, 2019	Weighted average remaining contractual life of outstanding options (years)
	20 - 25	7,260	0.79	20 - 25	—	0.00
	25 - 40	8,060	1.72	25 - 40	6,518	1.10
	40 - 50	9,290	2.80	40 - 50	562	1.80
	50 - 60	7,273	3.97	50 - 60	2,869	2.70
	60 - 70	15,318	3.93	60 - 70	423	3.10
	70 - 80	14,115	5.38	70 - 80	1,059	3.30
	80 - 90	13,625	5.85	80 - 90	12,449	4.80
	90 - 100	13,799	5.69	90 - 100	21,957	5.00
	100 - 110	—	0.00	100 - 110	9,712	5.70
Total		88,740	4.16	Total	55,549	4.40

Reasons, criteria and principal conditions for granting shares to employees

Since 2017 options are no longer granted to employees.

Main conditions

The grant-date fair value of stock options is estimated using a Black-Scholes option valuation model. This Black Scholes model requires the use of assumptions, including expected share price volatility, the estimated life of each award and the estimated dividend yield. The risk-free interest rate used in the model is determined, based on an index populated with euro denominated European government agency bond with high credit ratings and with a life equal to the expected life of the equity settled share-based payments. Our option plans typically vest over a three-year service period with any unexercised stock options expiring 10 years after the grant date. Options granted have fixed exercise prices equal to the closing price of our shares listed at Euronext Amsterdam on grant date. As of 2017 we no longer grant options to our employees and all options issued are vested. We therefore no longer disclose the assumptions of the options since there are no changes compared to the Integrated Report 2018.

Other arrangements

Refer for other arrangements to section Introduction - Remuneration policy.

Decision making process

No deviations took place from the decision-making process for the implementation of the remuneration policy.

Temporary deviations from the remuneration policy

No temporary deviations took place from the remuneration policy.

General meeting's advisory vote

The Remuneration Report for the financial year 2019 will be submitted to the General Meeting in 2020 for an advisory vote, in accordance with Dutch law.