

EXPLANATORY NOTES TO THE AGENDA
for the Annual General Meeting of Shareholders (“AGM”) of
ASML Holding N.V. (the “Company” or “ASML”) to be held on
Thursday April 3, 2008

The agenda items 3, 5, 6, 7, 9, 10, 11, 12 (two voting items), 14 (two voting items), 16 a, b, c, d, 17, 18, and 19 will be put to the vote of the AGM.

The explanatory notes to the agenda contain a further description of the agenda¹.

Agenda Items:

3. Discussion of the Annual Report 2007 and adoption of the financial statements for the financial year 2007, as prepared in accordance with Dutch law¹. (Voting item)

In line with practice, ASML has prepared two sets of annual accounts for the financial year 2007 – one in accordance with Dutch (IFRS) rules and one in accordance with the ‘U.S. GAAP’ rules. The annual accounts prepared in accordance with the U.S. GAAP rules are included in Form 20-F as prescribed by the SEC. The annual accounts as prepared under Dutch law (using IFRS rules) are the statutory annual accounts that are being submitted to the AGM for adoption. These accounts were prepared by the Board of Management and audited and provided with an unqualified auditor’s report by Deloitte, ASML’s external accountants.

The Annual Report 2007, including the annual accounts, as prepared in accordance with Dutch law is published on ASML’s website (www.asml.com) and is also available via the Company.

4. Evaluation of the performance of the External Auditor by the Board of Management and the Audit Committee. (Non-voting item)

In line with the Dutch Corporate Governance Code, the Board of Management and the Audit Committee have conducted an extensive evaluation of the performance of the external auditor over the financial year 2007. The evaluation mainly focused on the planning and control of the audit by the auditor, the provision of information to the Audit Committee, and the independence (level of audit services vs. non-audit services) of the external auditor.

The Chairman of the Audit Committee, also on behalf of the Board of Management, will inform the General Meeting of Shareholders of the main conclusions coming forth out of the evaluation.

5, 6. Discharge of the members of the Board of Management and the members of the Supervisory Board. (Voting items)

In these agenda items it is proposed to discharge the members of the Board of Management from liability in respect of their management during the previous financial year, and to discharge the members of the Supervisory Board from liability in respect of their supervision during the previous financial year.

¹ Documents that are referred to herein are available at the Company (email: angela.van.de.kerkhof@asml.com or telephone: (+31)(0)40-268-3977) and at JPMorgan Chase Bank in the US (telephone 800-749-1687(from the US) and +1-201-680-6630 (from outside the US)) and will be sent to you free of charge upon request. The above documents are also available on ASML’s website (address: www.asml.com).

7. Preparation of Regulated Information in the English language. (Voting item)

According to the legislative proposal to implement the European Transparency Directive (2004/109/EG) in the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*), ASML has to make available "Regulated Information" (*gereguleerde informatie*) in the Dutch language, unless the General Meeting of Shareholders approves that the information will be made exclusively in the English language. Regulated Information includes the annual report and annual accounts, the annual and/ or half-year and quarterly results, changes in rights attached to securities, information related to bond offerings, and other stock price sensitive information. It is proposed to the General Meeting of Shareholders to approve to make publicly available all Regulated Information, as to be defined in the Dutch Act on Financial Supervision, and in addition to the annual accounts, exclusively in the English language. This is in line with the current practice at ASML, since at the AGM of June 27, 1995, it has been resolved to designate English as the official language of the annual accounts.

8. Clarification of the Company's reserves and dividend policy. (Discussion item)

In previous communications related to this subject, the Company has explained that its business is of a cyclical nature and that therefore a certain level of cash ("liquidity buffer") is needed to provide for the necessary inventory and resources, especially in upturns. As communicated before, ASML's liquidity buffer target is between EUR 1 and 1.5 billion. Since 2006, ASML has cash in excess of this liquidity buffer, and has returned cash to its shareholders by means of share buybacks, and in 2007 through a capital repayment combined with a reverse stock split (also known as "Synthetic Share Buyback").

Until last year, ASML's reserves and dividend policy was to not pay dividend to its shareholders, judging share buy backs as the most efficient way to return cash to shareholders during the past periods. In the last few years, the Company has also indicated that if the predictability of the cash flow would grow because of the maturing industry, ASML might consider to pay dividend.

During its 24 year history, ASML has grown to become an efficient, cash generative company in the semiconductor industry, and this will now be reflected by dividend payments. On February 19, 2008 ASML announced its revised reserves and dividend policy, resulting in dividend payments, starting with a pay-out proposal of EUR 0.25 per ordinary share of EUR 0.09 over 2007.

In addition, the new reserves and dividend policy will also enable ASML to execute future share buybacks in a tax-efficient way. Share buybacks will remain a preferred way to return cash to ASML's shareholders, as we believe they deliver great long term value and allow us to be flexible with opportunities to reward our investors. We reiterate our commitment to return cash to shareholders when gross cash is above our liquidity buffer target.

Although the current intention is to declare a dividend annually going forward, the actual payment may vary from year to year.

9. Proposal to adopt a dividend of EUR 0.25 per ordinary share of EUR 0.09. (Voting item)

In view of the revised reserves and dividend policy as described above, ASML proposes to distribute a dividend of EUR 0.25 per ordinary share of EUR 0.09.

10. Adoption of the updated Remuneration Policy (version 2008) for the Board of Management¹ (Voting item).

The Supervisory Board of ASML, upon recommendation of its Remuneration Committee, has concluded that an adjustment is needed to the 2006 Remuneration Policy (the "Policy") for the Board of Management as adopted at the AGM on March 23, 2006.

In order to be able to continue to meet the objectives of the Policy, namely to attract, reward and retain qualified and seasoned industry professionals in an international labour market with total direct compensation at median market levels, certain adjustments to the Policy are required. The main changes proposed in the Policy are:

- an increase of the maximum of the short term variable bonus as a percentage of base salary (from 50% to 60/75%); and
- an increase of the maximum value of the long term incentive part of the remuneration (performance stock) as a percentage of base salary (from 50% to 55%) with a corresponding increase for overachievement (from 87.5% to 96.25%).

The Supervisory Board therefore proposes to the AGM to adopt the updated Remuneration Policy (version 2008).

The full rationale for the proposed update of the Policy and the consequences of the changes can be found in the Rationale for Updating the Remuneration Policy¹.

11. Approval of the performance stock arrangement, including the number of shares, for the Board of Management. (Voting item)

Introduction:

Because the performance stock arrangement for the Board of Management has been updated in the Remuneration Policy (version 2008), separate approval for the revised performance stock arrangement is required. The approval for this performance stock arrangement will be for the financial year 2008 and subsequent years.

For further information on the revised performance stock arrangement for the Board of Management, reference is made to the Remuneration Policy (version 2008).

In this agenda item, the Company proposes to the AGM to authorize the Board of Management as the body to issue the shares as mentioned in this item, subject to the approval of the Supervisory Board. This authorization is a separate authorization from the authorization as referred to in agenda item 16, and will be requested for the period starting from the AGM held on April 3, 2008 and continuing up until the AGM to be held in 2009.

The actual performance stock arrangement to be voted upon:

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The principle of the performance stock arrangement for the Board of Management for the financial year 2008 and for subsequent years, based on the Remuneration Policy (version 2008), is as follows:

The value of performance stock awarded to the members of the Board of Management will be 55% of their base salary for on target achievement. The maximum value of the performance stock for overperformance to target will amount to 96.25% percent of base salary. The maximum number of performance stock that can be awarded is determined by dividing 96.25% of the base salary by the fair value² of the stock based on the closing share price on the day of publication of the annual results of the Company. The ultimate number of stock to be released is calculated at the end of a three year performance period and is based on the Company's performance on the Return on Average Invested Capital (ROAIC) as compared to its predetermined Peer Group. The members of the Peer Group are described in the Remuneration Policy (version 2008).

Based on this performance stock arrangement, the maximum aggregate number of performance stock that can be granted to the Board of Management during abovementioned period amounts to 163,000 shares.

12. Approval of the number of stock options for Board of Management and the number of stock options, respectively shares, for employees. (Voting items)

Introduction:

This authorization is a separate authorization from the authorization as referred to in agenda item 16, and will be requested for the period starting from the AGM held on April 3, 2008 and continuing up until the AGM to be held in 2009.

a. Approval of the number of performance stock options available for the Board of Management and authorization of the Board of Management to issue the performance stock options, subject to the approval of the Supervisory Board.

The Annual General Meeting of Shareholders held on March 23, 2006, approved the performance stock option arrangement for the Board of Management for 2006 and subsequent years.

Based on this performance stock option arrangement, the value of performance stock options awarded to the members of the Board of Management will be 25% of their base salary for on target achievement. The maximum value of the performance stock options for overperformance to target will amount to 50% percent of base salary. The maximum number of performance stock options to be granted to the members of the Board of Management is determined by dividing 50% of their base salary by the fair value³ of the performance stock option on the date of grant. The ultimate number of performance stock options to be awarded is calculated at the end of a one year performance period and is based on the Company's actual performance on ROAIC for that period.

² More information with respect to the calculation of the fair value of the performance stock can be found in note 27 to the statutory consolidated financial statements for the financial year 2007.

³ More information with respect to the calculation of the fair value of the performance stock option can be found in note 27 to the statutory consolidated financial statements for the financial year 2007.

The maximum aggregate number of performance stock options that can be granted to the Board of Management during abovementioned period amounts to 242,000 stock options.

b. Approval of the number of stock options, respectively shares, available for ASML employees and authorization of the Board of Management to issue the stock options or shares, subject to the approval of the Supervisory Board.

The employee equity based arrangements include plans for ASML employees world wide and/or senior and executive management, other than members of the Board of Management, i) to purchase stock options; ii) to grant incentive stock options or shares against a ratio of 3 stock options versus 1 share, for retention purposes; and iii) to grant stock options to newly hired employees for incentive purposes.

The maximum available number of stock options, respectively shares, for ASML employees that the Company hereby submits for approval to the AGM amounts to 2,258,000 for abovementioned period.

13. Composition of the Board of Management (Non-voting item)

Mr. E. Meurice was appointed Chief Executive Officer ("CEO") and Chairman of the Board of Management of ASML effective October 1, 2004, for a definite period of four years. Considering Mr. Meurice's contributions to the financial and operational achievements of ASML in the past years, the Selection & Nomination Committee has recommended to the Supervisory Board to re-appoint Mr. Meurice as CEO and Chairman of the Board of Management of ASML for a second period of four years.

The Supervisory Board agrees with the considerations of the Selection & Nomination Committee and hereby informs the AGM that it intends to re-appoint Mr. Meurice as CEO and Chairman of the Board of Management of ASML for a consecutive term of four years. Pursuant to ASML's Articles of Association this consecutive term will commence as per the AGM to be held on April 3, 2008 and will lapse effective the AGM to be held in 2012.

The most important elements of Mr. Meurice's extended contract have been published on ASML's website. The contract itself is in line with the Tabaksblat Code, insofar as this is required. The remuneration package, including the stock option and share plans and the performance criteria, is in line with the 2008 Remuneration Policy for the Board of Management, which is submitted for approval to the AGM in agenda item 10.

14. Composition of the Supervisory Board (Voting items)

This agenda item consists of two voting items.

As announced at the AGM held on March 28, 2007, Mr. A.P.M. van der Poel and Mr. F.W. Fröhlich will retire by rotation at the AGM to be held on April 3, 2008. Both gentlemen have indicated that they are available for re-appointment. The Supervisory Board has decided to nominate Messrs. Van der Poel and Fröhlich for re-appointment as member of the Supervisory Board.

a. Mr. A.P.M. van der Poel

Mr. Van der Poel (born in 1948) retires by rotation effective per the AGM of April 3, 2008. Mr. Van der Poel was first appointed in 2004. Effective March 28, 2007, the members of the Supervisory Board selected Mr. Van der Poel to succeed Mr. H. Bodt as Chairman of the Supervisory Board upon Mr. Bodt's retirement as member and Chairman of ASML's Supervisory Board.

Mr. Van der Poel is available for re-appointment. He brings a wealth of knowledge of and experience gained in the semiconductor industry, and in view of his contribution to the Supervisory Board in the past years, also as the Supervisory Board's Chairman in the previous year, the Supervisory Board has decided to nominate Mr. Van der Poel for re-appointment. For more information on Mr. Van der Poel, reference is made to the notification regarding the nomination of Mr. Van der Poel for re-appointment as member of the Supervisory Board¹.

The shareholders have not made recommendations for filling this vacancy and the Works Council has not recommended any candidate to fill this position either.

b. Mr. F.W. Fröhlich

Mr. Fröhlich (born in 1942) retires by rotation effective per this AGM. Mr. Fröhlich was first appointed in 2004. Mr. Fröhlich is Chairman of the Audit Committee of ASML's Supervisory Board and qualifies as the Supervisory Board's financial expert.

Mr. Fröhlich is also available for re-appointment and in view of his financial background and international experience, and the way he fulfills his role as Chairman of the Audit Committee, the Supervisory Board has decided to nominate Mr. Fröhlich for re-appointment. For more information on Mr. Fröhlich, reference is made to the notification regarding the nomination of Mr. Fröhlich for re-appointment as member of the Supervisory Board¹.

The shareholders have not made recommendations for filling this vacancy and the Works Council has not recommended any candidate to fill this position either.

16. Proposal to authorize the Board of Management to issue shares or rights to subscribe for shares in the share capital of the Company as well as to restrict or exclude the pre-emption rights accruing to shareholders. (Voting items)

This agenda item consists of the following four voting items:

- a. Proposal to authorize the Board of Management for a period of 18 months from April 3, 2008, to issue shares or rights to subscribe for shares in the share capital of the Company, subject to the approval of the Supervisory Board, limited to 5% of the issued share capital at the time of the authorization.
- b. Proposal to authorize the Board of Management for a period of 18 months from April 3, 2008, to restrict or exclude the pre-emption rights accruing to shareholders in connection

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with the issue of shares or rights to subscribe for shares as described under a., subject to approval of the Supervisory Board.

- c. Proposal to authorize the Board of Management for a period of 18 months from April 3, 2008, to issue shares or rights to subscribe for shares in the share capital of the Company, subject to the approval of the Supervisory Board, for an additional 5% of the issued share capital at the time of the authorization, which 5% can only be used in connection with or on the occasion of mergers and/or acquisitions.
- d. Proposal to authorize the Board of Management for a period of 18 months from April 3, 2008, to restrict or exclude the pre-emption rights accruing to shareholders in connection with the issue of shares or rights to subscribe for shares as described under c., subject to approval of the Supervisory Board.

The Board of Management considers it in the interest of the Company and its shareholders to be able to react timely when certain opportunities that need the issuance of shares, arise. Therefore the Board of Management would like to have the authority to issue shares when such occasions occur, and to pass the pre-emptive rights in situations where it is imperative to be able to act quickly, without having to ask prior approval from its shareholders for which an extraordinary shareholders meeting would have to be convened and which would cost valuable time or create disrupting market speculations.

In the past, this agenda item has been used especially in relation to the issue of convertible bonds, because of the short window of opportunity. The opportunity to issue convertible bonds, or other transactions that need issuance of shares will be limited if ASML needs to ask prior approval to issue shares and/or exclude the shareholder's pre-emptive rights.

As already mentioned in last year's AGM, it has been decided, also based on discussions with shareholders, to bring this item more in line with shareholder interests by reducing the percentage to issue shares and to exclude the related pre-emptive rights from a maximum of 20% (10% plus an additional 10% in relation with mergers and acquisitions), to a maximum of 10% (5% and an additional 5% in connection with or on the occasion of mergers and acquisitions).

The authorization of the Board of Management to restrict or exclude the pre-emptive rights will be limited to (i) 5% of the Company's issued share capital at the time of the authorization, and (ii) an additional 5% of the Company's issued share capital at the time of the authorization only to be used in connection with or on the occasion of mergers and/or acquisitions. The authorization covers a period of 18 months.

17. Proposal to authorize the Board of Management to acquire ordinary shares in the Company. (Voting item)

Introduction to the agenda items 17 until and including 19:

These agenda items, containing proposals for share repurchases and share cancellations, were also submitted for approval to last year's AGM. However, because of the Dutch regulatory tax environment applicable last year, it turned out that share repurchases would not be beneficial for shareholders. Therefore, the Company was of the opinion that the most efficient method to return cash to shareholders was through a capital repayment combined with a reverse stock split (also known as "Synthetic Share Buyback"), which Synthetic Share Buyback was completed in October 2007.

Although no drastic changes in the applicable tax regulations are foreseen for 2008, ASML aims to have optimal flexibility in the execution of a return of capital to its shareholders. In order to enable such optimal flexibility, ASML requests the General Meeting of Shareholders to mandate further share repurchases as well as to further authorize cancellation of shares, should the Company decide to implement further share repurchase programs.

Shareholders are advised that there is no certainty as to a return of capital, that there is no certainty either as to the timing of a potential execution of a return of capital to shareholders, nor as to the method of achieving such return.

Agenda item 17

At the AGM held on March 28, 2007, the Board of Management was granted the authorization, subject to Supervisory Board approval, to repurchase shares through September 28, 2008 up to a maximum of 10% of the issued share capital as of the date of authorization (March 28, 2007).

As the authorization will lapse on September 28, 2008, it is proposed to authorize the Board of Management for a period of 18 months from April 3, 2008 to repurchase shares in the share capital of the Company to enable the Board of Management to continue to repurchase shares.

If the General Meeting of Shareholders grants this authorization, the Company may repurchase its issued ordinary shares at any time during this 18 months period. The number of ordinary shares to be acquired is limited to the maximum - as permitted under Dutch law and the articles of association – that ASML may at any time hold in its own capital taking into account the possibility to cancel shares as proposed under items 18 and 19. This authorization allows ASML, in combination with the proposals under 18 and 19, to (i) acquire twice the maximum 10% of the issued share capital, (ii) cancel these shares and subsequently (iii) acquire once again a maximum of 10% of the issued share capital.

Any such repurchases are subject to the approval of the Supervisory Board. Shares may be repurchased for valuable consideration as described in agenda item 17.

18. Cancellation of ordinary shares. (Voting item)

In this agenda item it is proposed to cancel a number of ordinary shares repurchased or to be repurchased by the Company, resulting in a reduction of the Company's issued share capital. The cancellation may be executed in one or more tranches. The number of shares that will be cancelled (whether or not in a tranche) shall be determined by the Board of Management, but shall not exceed ten percent of the issued share capital as of April 3, 2008.

Pursuant to the relevant statutory provisions cancellation may not be effected earlier than two months after the resolution to cancel is adopted and publicly announced.

19. Cancellation of additional ordinary shares. (Voting item)

As outlined above, the repurchase by ASML is limited to 10% of the issued share capital. To enable ASML to repurchase more shares, the additional shares acquired under the authorization under item 17 need to be cancelled first.

Therefore, it is proposed to cancel ordinary shares repurchased by the Company following the cancellation of ordinary shares as referred to in item 18, resulting in a further reduction of the Company's issued share capital.

The cancellation may be executed in one or more tranches. The number of shares that will be cancelled (whether or not in a tranche) shall be determined by the Board of Management but shall not exceed ten percent (10%) of the issued share capital at April 3, 2008 reduced by the number of shares cancelled pursuant to item 18.

Pursuant to the relevant statutory provisions, cancellation may not be effected until two months after a resolution to cancel shares is adopted and publicly announced.