

**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
Wednesday March 24, 2010**

The agenda items 3, 4, 5, 7, 8 b, 9 a, b and c, 10, 14 a, b, c and d, 15, 16, and 17, 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 2009, including ASML’s corporate governance chapter, and adoption of the financial statements for the financial year 2009, as prepared in accordance with Dutch law. (Voting item)

In line with practice, ASML has prepared two sets of annual accounts for the financial year 2009: 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 Board of Management and the Supervisory Board have signed the accounts.

Part of the Annual Report 2009 is a chapter on ASML’s corporate governance structure, including an account of ASML’s compliance with the Dutch Corporate Governance Code (the “Code”) as amended in 2008. This topic shall be discussed separately under agenda item 3.

The Annual Report 2009, 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.

4,5. Discharge of the members of the Board of Management (item 4) and the members of the Supervisory Board (item 5). (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 2009 financial year, and to discharge the members of the Supervisory Board from liability in respect of their supervision also during the 2009 financial year.

6. 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 general strategy we seek to maintain a strategic target level of cash and cash equivalents between EUR 1.0 and 1.5 billion. To the extent that our cash and cash equivalents exceed this target and

¹ The documents 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 & Co., email: jpmorgan.adr@wellsfargo.com or tel. (800) 990-1135 (US) or (651) 453-2128 (from outside the US) and will be sent to you free of charge upon request. These documents are also available on ASML’s website (address: www.asml.com/agm2010).

there are no investment opportunities that we wish to pursue, we will consider returning excess cash to our shareholders, including through share buybacks, dividends and capital repayment.

Although share buy backs remain a preferred way to return cash to our shareholders, because we believe that they deliver long term value and allow us to be flexible with opportunities to reward our investors, we decided to also return cash to ASML's shareholders by means of a dividend pay out. With respect to dividend payment over the financial year 2009, the expected cash position for H1 2010 is such that it permits ASML to also pay a dividend over the financial year 2009, although 2009 ultimately resulted in a loss, due to the negative results in the first six months of 2009.

As communicated previously, the current reserves and dividend policy will also enable ASML to execute future share buybacks in a tax-efficient way.

Although it is ASML's intention is to declare a dividend annually going forward, the actual payment may vary from year to year and, in certain years, we may not declare a dividend at all. Further, ASML may revise its dividend and reserve policy in the future which may have an impact on dividends.

7. Proposal to adopt a dividend of EUR 0.20 per ordinary share of EUR 0.09. (Voting item)

In view of the reserves and dividend policy as described above, ASML proposes to distribute a dividend of EUR 0.20 per ordinary share of EUR 0.09, equal to the dividend paid in 2009. The ex-dividend date is March 26, 2010 and the dividend will be made payable on April 13, 2010.

8. Remuneration 2009 and Remuneration Policy (version 2010).

a. Remuneration Report 2009. (Discussion item)

To account for the execution of the Remuneration Policy (version 2008) for the Board of Management in the year 2009, the Supervisory Board has decided to discuss the Remuneration Report 2009 in the AGM. In this report, an explanation is provided on how the Remuneration Policy (version 2008) is applied to determine the actual remuneration of the Board of Management in 2009.

b. Adoption of the updated Remuneration Policy (version 2010) for the Board of Management. (Voting item)

The Supervisory Board of ASML, upon recommendation of its Remuneration Committee, has concluded that the Remuneration Policy (version 2008) for the Board of Management (the "Policy") as adopted by the AGM on April 3, 2008, should be adjusted. The main reasons for revising the Policy are the amended Code and external developments.

The proposed changes especially reflect:

- 1) the shifting focus from the short term to the long term;
- 2) Further improved alignment of the performance criteria to the business needs;
- 3) Alignment of the pension arrangement with the excident pension arrangement for ASML employees in The Netherlands, which excident pension arrangement will be adjusted to increase these pensions to the median market level.

The main consequences of the proposed changes are such that: 1) only the cash incentive will be determined by the achievement of improved short-term performance criteria; 2) the performance stock options will be abolished, whereby the value of these options will be moved

to the long-term incentive, which value will be awarded in shares; and 3) the achievement of the long-term incentive will be determined for 80% by the achievement of the predetermined level of Return on Average Invested Capital ("ROAIC") as compared to the Peer Group, and for 20% by the level of achievement of a qualitative target; the achievement of both targets will be measured over a three year period.

With respect to the best practice provisions Ultimum Remedium (II.2.10) and Claw Back (II.2.11) of the amended Code, the Supervisory Board of ASML – per the recommendation of its Remuneration Committee – has decided to implement these provisions in the contractual relationship between the individual Board members and ASML. The Supervisory Board anticipates that, given the legal implications and the need for a diligent process, the actual implementation of these provisions will be finalized in the course of 2010.

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 Policy.

The Supervisory Board proposes to the AGM to adopt the updated Remuneration Policy (version 2010) for the Board of Management.

9. Performance shares and performance stock options for the Board of Management

In this agenda item, the Company also proposes to the AGM to authorize the Board of Management as the body to issue the performance shares and performance stock options as mentioned below, subject to the approval of the Supervisory Board. This authorization is a separate authorization from the authorization as referred to in agenda item 14, and will be requested for the period starting from the AGM held on March 24, 2010 and continuing up until the AGM to be held in 2011.

This agenda item consists of the following three voting items:

a. Approval of the performance share arrangement, including the number of performance shares, for the Board of Management in accordance with the Remuneration Policy (version 2010) for the Board of Management and authorization of the Board of Management to issue the performance shares, subject to the approval of the Supervisory Board.

Because the performance share arrangement for the Board of Management has been revised in the Remuneration Policy (version 2010), separate approval for this revised performance share arrangement is required under Dutch law. The approval for the performance share arrangement will be for the financial year 2010 and subsequent years. With the approval of this performance share arrangement, the performance stock option arrangements as approved by the 2006 AGM, will be abolished in addition to the previous performance share arrangement, as part of the further shift from short term to long term focus.

For further information on the implications of the revised performance share arrangement for the Board of Management, reference is made to the Remuneration Policy (version 2010), as well as the Rationale for Updating the Remuneration Policy.

The principle of the performance share arrangement for the Board of Management for the financial year 2010 and for subsequent years, based on the Remuneration Policy (version 2010), is as follows:

The value of performance shares that can be awarded to the members of the Board of Management amounts to 80% of their base salary for on target achievement. The maximum value of the performance shares in case the Board of Management members overperform compared to the targets set (whereby the overperformance should also achieve a certain predefined level), can amount to 146.25% percent of their base salary. The maximum number of performance shares that can be awarded is determined by dividing 146.25% of the base salary by the value of the performance share based on the closing share price on the day of publication of the Company's annual results in the year in which the targets are set. 80% of the ultimate number of shares to be awarded unconditionally is calculated based on the Company's performance on ROAIC as compared to its predetermined Peer Group as described in the Remuneration Policy (version 2010), and 20% of the ultimate number of performance shares to be awarded unconditionally is based on the achievement of a qualitative target. Both targets are measured at the end of a three year performance period.

Based on this performance share arrangement, the maximum aggregate number of performance shares that can be granted to the Board of Management - consisting of five members - for the financial year 2010 amounts to 350,000 performance shares.

In addition, the Supervisory Board proposes in the Remuneration Policy (version 2010) to fix the number of performance shares to be awarded conditionally for a period of two years (i.e. the financial years 2010 and 2011). This fixed number is based on the value calculation made in the first year of the two year's benchmarked period.

Therefore, as the maximum aggregate number of performance shares that can be granted to the Board of Management for the financial year 2010 amounts to 350,000 performance shares, the Supervisory Board wishes to also ask approval to issue an additional maximum amount of 350,000 performance shares for the financial year 2011.

b. Approval of the number of performance shares for the Board of Management in accordance with the Remuneration Policy (version 2008) for the Board of Management and authorization of the Board of Management to issue the performance shares, subject to the approval of the Supervisory Board.

(In case agenda items 8b and 9a are approved, this agenda item will be cancelled)

If the AGM does not approve agenda items 8b and 9a, the Supervisory Board will continue to apply the performance share arrangement for the Board of Management as approved by the AGM in 2008 for the financial year 2008 and subsequent years.

For completeness purposes, below are the main principles of this arrangement:

The value of **performance shares** that can be awarded to the members of the Board of Management amounts to 55% of their base salary for on target achievement. The **maximum value** of the performance shares in case of overperformance (also set at a certain predefined level), can amount to 96.25% percent of the Board of Management's base salary. The **maximum number** of performance shares that can be awarded is determined by dividing 96.25% of the base salary by the value of the performance share based on the closing share price on the day of publication of the Company's annual results in the year in which the targets are set. The ultimate number of performance shares to be released is calculated at the end of a

three year performance period and is based on the Company's performance on ROAIC as compared to its predetermined Peer Group.

Based on this performance share arrangement, the maximum aggregate number of performance shares that can be granted to the Board of Management – consisting of five members - for the financial year 2010 amounts to 200,000 performance shares.

c. Approval of the number of performance stock options for the Board of Management in accordance with the Remuneration Policy (version 2008) 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.

(In case agenda items 8b and 9a are approved, this agenda item will be cancelled)

If the AGM does not approve agenda items 8b and 9a, the Supervisory Board will continue to apply the performance stock option arrangement for the Board of Management as approved by the AGM in 2006 for the financial year 2006 and subsequent years and as included in the Remuneration Policy (version 2008).

The principle of this performance stock option arrangement is as follows:

The value of **performance stock options** that can be granted to the members of the Board of Management is 25% of their base salary for on target achievement. The **maximum value** of the performance stock option in case of overperformance (also set at a certain predefined level), can amount to 50% of the Board of Management's base salary. The maximum number of performance stock options that can be granted is determined by dividing 50% of the base salary by the value 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 ASML's actual performance on ROAIC as compared to its targeted ROAIC for that period.

Based on this performance stock option arrangement, the total number of performance stock options that may be issued to the - five member - Board of Management during the period from this AGM to the AGM to be held in 2011 amounts to 300,000 performance stock options.

10. Approval of the number of stock options, respectively shares, for employees. (Voting item)

In this agenda item, the Company also proposes to the AGM to authorize the Board of Management as the body to issue the stock options and/or shares as mentioned below, subject to the approval of the Supervisory Board. This authorization is a separate authorization from the authorization as referred to in agenda item 14, and will be requested for the period starting from the AGM held on March 24, 2010 and continuing up until the AGM to be held in 2011.

This agenda item concerns the following voting item:

Approval of the number of stock options, respectively shares, available for ASML employees, other than members of the Board of Management, 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, to: i) purchase stock options and/or shares; ii) grant incentive stock options or shares for retention purposes; iii) grant performance stock options or performance shares for retention purposes; and iv) grant incentive or performance shares to newly hired employees for incentive purposes.

The maximum available number of stock options, respectively shares, for ASML employees other than Board of Management members, that the Company hereby submits for approval to the AGM amounts to 1,900,000 stock options and/or shares for abovementioned period.

11. Composition of the Board of Management (Discussion item)

On September 24, 2009, the Supervisory Board announced its intention to appoint Mr. Frederic Schneider-Maunoury (born in 1961) as a member of the Board of Management, subject to notification of the coming AGM. In view of his background and his worldwide business and operational experience in high-value equipment, the Supervisory Board is of the opinion that ASML will benefit greatly from Mr. Schneider-Maunoury's contribution to ASML's Board of Management.

Mr. Schneider-Maunoury's appointment as member of the Board of Management of ASML is for a definite period of four years with possibility of reappointment. Pursuant to ASML's Articles of Association, Mr. Schneider-Maunoury's term will commence as per the AGM to be held on March 24, 2010 and will expire effective the AGM to be held in 2014.

The most important elements of Mr. Schneider-Maunoury's contract have been published on ASML's website. The contract itself is in line with the (at the time applicable) provisions of the 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.

For more information reference is made to the notification regarding the intended appointment of Mr. F. Schneider-Maunoury.

12. Updated Profile of the Supervisory Board. (Discussion item)

The Supervisory Board has decided to update its profile in view of the amended Code. As diversity is one of the newly incorporated principles in the amended Code, the - main - change in the Supervisory Board's profile concerns diversity. The Supervisory Board's revised profile now includes a diversity paragraph that covers various aspects of diversity, such as nationality, age, and gender. With respect to the latter, the Supervisory Board has indicated to *strive* for a composition of at least 30% of either gender at any time. Currently, the percentage of the female gender in ASML's Supervisory Board is 25%. In case a vacancy arises, the Supervisory Board shall endeavour to select and nominate a person of the female gender, although the qualifications of the candidate in relation to the requirements for the position will prevail.

With respect to nationality, the Supervisory Board aspires to have members from all regions where ASML has a presence (Asia, Europe, US). Experience has learned however that this aspiration may not be easy to fulfil due to practical implications.

Furthermore, the Supervisory Board is of the opinion that a candidate for the Supervisory Board, or a member who is up for reappointment, who has reached the age of seventy, should have more flexibility in terms of continuing or discontinuing her or his Supervisory Board membership. Therefore the Supervisory Board has included in its revised profile a (re)appointment term of two years for – future - members aged seventy years or older.

In addition, some minor changes were made especially in relation to article 2a.

13. Composition of the Supervisory Board in 2011 (Discussion item)

- Notification that Mr. W.T. Siegle will retire by rotation in 2011
- Notification that Mr. J.W.B. Westerburgen will retire by rotation in 2011

Although Mr. Jos Westerburgen was only re-appointed in 2009, his third reappointment will be submitted for approval in the 2011 AGM. The reason for this short reappointment term is to avoid the situation that in 2013 the term of five out of eight Supervisory Board members will lapse, resulting in five (re)appointments in one year.

14. 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. (Four voting items)

This agenda item consists of the following four voting items:

- a. At the AGM held on March 26, 2009, the Board of Management was granted the authorization, subject to Supervisory Board approval, to issue shares or rights to subscribe for shares in the share capital of the Company, limited to 5% of the issued share capital at the time of the authorization (March 26, 2009). As the authorization will expire on September 26, 2010, it is proposed to continue this authorization of the Board of Management for a period of 18 months from March 24, 2010 through September 24, 2011. As a result thereof the previous authorization will cease to apply.
- b. At the AGM held on March 26, 2009, the Board of Management was granted the authorization, subject to Supervisory Board approval, 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 a. As the authorization will expire on September 26, 2010, it is proposed to continue this authorization of the Board of Management for a period of 18 months from March 24, 2010 through September 24, 2011. As a result thereof the previous authorization will cease to apply.
- c. At the AGM held on March 26, 2009, the Board of Management was granted the authorization, subject to Supervisory Board approval, to issue shares or rights to subscribe for shares in the share capital of the Company for an additional 5% of the issued share capital at the time of the authorization (March 26, 2009), which 5% can only be used in connection with or on the occasion of mergers and/or acquisitions. As the authorization will expire on September 26, 2010, it is proposed to continue this authorization of the Board of Management for a period of 18 months from March 24, 2010 through September 24, 2011. As a result thereof the previous authorization will cease to apply.
- d. At the AGM held on March 26, 2009, the Board of Management was granted the authorization, subject to Supervisory Board approval, 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. As the authorization will expire on September 26, 2010, it is proposed to continue this authorization of the Board of Management for a period of 18 months from March 24, 2010 through September 24, 2011. As a result thereof the previous authorization will cease to apply.

This is an annually recurring agenda item, because 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.

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.

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

Introduction to the agenda items 15 until and including 17:

These agenda items, containing proposals for share repurchases and share cancellations, were also submitted for approval to the 2006, 2007, 2008 and 2009 AGMs. In 2006, 2007 and 2008 ASML executed share buy backs. The shares repurchased were cancelled, were used to satisfy the conversion rights of holders of Convertible Subordinated loans, and are used to cover outstanding stock options. In 2009 no share repurchase program was executed. ASML aims to have optimal flexibility in the execution of a return of capital to its shareholders. To enable such optimal flexibility, ASML requests the AGM to mandate further share repurchases as well as to further authorize cancellation of shares, should the Company decide to implement further share repurchase programs.

Implementation of share repurchase programs is dependent on many factors and 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 15

At the AGM held on March 26, 2009, the Board of Management was granted the authorization, subject to Supervisory Board approval, to repurchase shares through September 26, 2010 up

to a maximum of 10% of the issued share capital as of the date of authorization (March 26, 2009).

As the authorization will expire on September 26, 2010, it is proposed to continue this authorization of the Board of Management for a period of 18 months from March 24, 2010 through September 24, 2011. As a result thereof the previous authorization will cease to apply.

On June 11, 2008, Dutch law was changed to the effect that companies are authorized to acquire a maximum of 50% of ordinary shares in their capital during the 18 months period that the authorization is in force. ASML however has not yet changed its Articles of Association to reflect this amendment in law, and is neither proposing to do so in this AGM. Therefore, the 10% limitation for the repurchase of issued share capital remains applicable.

If the AGM 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 ASML's 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 16 and 17. This authorization allows ASML, in combination with the proposals under 16 and 17, 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. The ordinary shares to be acquired can also be used for share plans and/or remuneration components for the Board of Management or ASML employees (i.e. cash bonus).

Any such repurchases are subject to the approval of the Supervisory Board. Shares may be repurchased for valuable consideration as described in agenda item 15.

16. Proposal to cancel 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 10% percent of the issued share capital as of March 24, 2010.

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

17. Proposal to cancel 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 15 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 16, 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 10% of the issued share capital at March 24, 2010 reduced by the number of shares cancelled pursuant to item 16.

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.