

---

## Table of Contents

450mm project are doing work that is just as relevant for future DUV and EUV platforms. The teams and people have therefore been reassigned to different projects.

Under our CCIP, we are party to a 450mm NRE Funding Agreement with Intel for a total NRE funding commitment of EUR 553 million. We are currently in discussions with Intel to determine appropriate projects to which to apply the 450mm NRE funding.

Under the CCIP, we are also party to EUV NRE agreements with Intel (total funding of EUR 276 million), TSMC (total funding of EUR 276 million) and Samsung (total funding of EUR 276 million), all of which funding is being used for EUV projects.

### Cymer Merger Agreement

On October 16, 2012, ASML entered into a merger agreement with Cymer, a company engaged in the development, manufacturing and marketing of light sources for sale to customers who manufacture photolithography tools in the semiconductor equipment industry (the “Merger Agreement”). The Merger Agreement provided for the acquisition of all outstanding shares of Cymer by a wholly-owned subsidiary, ASML US inc., an indirect wholly-owned subsidiary of ASML. The Merger Agreement also contained certain customary representations and warranties, covenants and indemnities. The transaction was completed on May 30, 2013, in accordance with the terms of the Merger Agreement, for a total consideration of EUR 3.1 billion (USD 4.0 billion). See Note 2 to the Financial Statements.

### **D. Exchange Controls**

There are currently no limitations, either under the laws of the Netherlands or in the Articles of Association of ASML, to the rights of non-residents to hold or vote ordinary shares. Cash distributions, if any, payable in euros on our shares listed at NYSE Euronext Amsterdam may be officially transferred by a bank from the Netherlands and converted into any other currency without being subject to any Dutch legal restrictions. However, for statistical purposes, such payments and transactions must be reported by ASML to the Dutch Central Bank. Furthermore, no payments, including dividend payments, may be made to jurisdictions subject to certain sanctions, adopted by the government of the Netherlands, implementing resolutions of the Security Council of the United Nations. Cash distributions, if any, on our shares listed at NASDAQ shall be declared in euros but paid in U.S. dollars, converted at the rate of exchange at the close of business on the date fixed for that purpose by the Board of Management in accordance with the Articles of Association.

### **E. Taxation**

#### Dutch Taxation

The statements below represent a summary of current Dutch tax laws, regulations and judicial interpretations thereof. The description is limited to the material tax implications for a Non-Resident Holder. This summary does not address special rules that may apply to special classes of holders of ordinary shares and should not be read as extending by implication to matters not specifically referred to herein. As to individual tax consequences, each investor in ordinary shares should consult his or her tax counsel.

#### *General*

The acquisition of ordinary shares by a non-resident of the Netherlands should not be treated as a taxable event for Dutch tax purposes. The income consequences in connection with owning and disposing of our ordinary shares are discussed below.

#### *Substantial Interest*

A person that, (inter alia) directly or indirectly, and either independently or jointly with his partner (as defined in the Dutch Personal Income Tax Act 2001), owns 5.0 percent or more of our share capital, owns profit participating rights that correspond to at least 5.0 percent of the annual profits of a Dutch company or to at least 5.0 percent of the liquidation proceeds of such company or holds options to purchase 5.0 percent or more of our share capital, is deemed to have a substantial interest in our shares, or our options, as applicable. Specific rules apply in case certain family members of the Non-Resident Holder hold a substantial interest. A deemed substantial interest also exists if (part of) a substantial interest has been disposed of, or is deemed to be disposed of, in a transaction where no taxable gain has been recognized. Special attribution rules exist in determining the presence of a substantial interest.

---

## [Table of Contents](#)

### *Income Tax Consequences for Individual Non-Resident Holders on Owning and Disposing of the Ordinary Shares*

An individual who is a Non-Resident Holder will not be subject to Dutch income tax on received income in respect of our ordinary shares or capital gains derived from the sale, exchange or other disposition of our ordinary shares, provided that such holder:

- Does not carry on and has not carried on a business in the Netherlands through a permanent establishment or a permanent representative to which the ordinary shares are attributable;
- Does not hold and has not held a (deemed) substantial interest in our share capital or, in the event the Non-Resident Holder holds or has held a (deemed) substantial interest in our share capital, such interest is, or was, a business asset in the hands of the holder;
- Does not share and has not shared directly (through the beneficial ownership of ordinary shares or similar securities) in the profits of an enterprise managed and controlled in the Netherlands which (is deemed to) own(s), or (is deemed to have) has owned, our ordinary shares;
- Does not carry out and has not carried out any activities which generate taxable profit or taxable income to which the holding of our ordinary shares was connected; and
- Is not an individual that has elected to be taxed as a resident of the Netherlands.

### *Corporate Income Tax Consequences for Corporate Non-Resident Holders*

Income derived from ordinary shares or capital gains derived from the sale, exchange or disposition of ordinary shares by a corporate Non-Resident Holder is taxable if:

- The holder carries on a business in the Netherlands through a permanent establishment or a permanent agent in the Netherlands (Dutch enterprise) and the ordinary shares are attributable to this permanent establishment or permanent agent, unless the participation exemption (discussed below) applies; or
- The holder is a resident of Aruba, Curacao or Saint Martin with a permanent establishment or permanent representative in Bonaire, Eustatius or Saba to which our ordinary shares are attributable, while the profits of such holder are taxable in the Netherlands pursuant to article 17(3)(c) of the Dutch Corporate Income Tax Act 1969; or
- The holder has a substantial interest in our share capital, which is held with the primary aim or one of the primary aims to evade the levy of income tax or dividend withholding tax at the level of another person and which is not attributable to his enterprise; or
- Certain assets of the holder are deemed to be treated as a Dutch enterprise under Dutch tax law and the ordinary shares are attributable to this Dutch enterprise.

To qualify for the Dutch participation exemption, the holder must generally hold at least 5.0 percent of our nominal paid-in capital and meet certain other requirements.

### *Dividend Withholding Tax*

In general, a dividend distributed by us in respect of our ordinary shares will be subject to a withholding tax imposed by the Netherlands at the statutory rate of 15.0 percent.

Dividends include:

- Dividends in cash and in kind;
- Deemed and constructive dividends;
- Consideration for the repurchase or redemption of ordinary shares (including a purchase by a direct or indirect ASML subsidiary) in excess of qualifying average paid-in capital unless such repurchase is made for temporary investment purposes or is exempt by law;
- Stock dividends up to their nominal value (unless distributed out of qualifying paid-in capital);
- Any (partial) repayment of paid-in capital not qualifying as capital for Dutch dividend withholding tax purposes; and
- Liquidation proceeds in excess of qualifying average paid-in capital for Dutch dividend withholding tax purposes.

## Table of Contents

A reduction of Dutch dividend withholding tax can be obtained if:

- The participation exemption applies and the ordinary shares are attributable to a business carried out in the Netherlands;
- The dividends are distributed to a qualifying EU corporate holder satisfying the conditions of article 4(2) and 4(3) of the Dutch Dividend Withholding Tax Act 1965; or
- The rate is reduced by a Tax Treaty.

A Non-Resident Holder of ordinary shares can be eligible for a partial or complete exemption or refund of all or a portion of the above withholding tax under a Tax Treaty that is in effect between the Netherlands and the Non-Resident Holder's country of residence. The Netherlands has concluded such treaties with the United States, Canada, Switzerland, Japan, most European Union member states, as well as many other countries. Under the Treaty, dividends paid by us to a Non-Resident Holder that is a resident of the United States as defined in the Tax Treaty (other than an exempt organization or exempt pension trust, as discussed below) are generally liable to 15.0 percent Dutch withholding tax or, in the case of certain United States corporate shareholders owning at least 10.0 percent of our voting power, a reduction to 5.0 percent, provided that the Holder does not have an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or permanent representative in the Netherlands to which the dividends are attributable. The Tax Treaty also provides for a dividend withholding tax exemption on dividends, but only for a shareholders owning at least 80.0 percent of our voting power and meeting all other requirements. The Tax Treaty provides for a complete exemption from tax on dividends received by exempt pension trusts and exempt organizations, as defined therein. Except in the case of exempt organizations, the reduced dividend withholding tax rate (or exemption from withholding) can be applied at the source upon payment of the dividends, provided that the proper forms have been filed in advance of the payment. Exempt organizations remain subject to the statutory withholding rate of 15.0 percent and are required to file for a refund of such withholding.

A Non-Resident Holder may not claim the benefits of the Tax Treaty unless (i) he/she is a resident of the United States of America as defined therein, or (ii) he/she is deemed to be a resident on the basis of the provisions of article 24(4) of the Tax Treaty, and (iii) his or her entitlement to those benefits is not limited by the provisions of article 26 (Limitation on benefits) of the Tax Treaty.

### *Dividend Stripping Rules*

Under Dutch tax legislation regarding anti-dividend stripping, no exemption from, or refund of, Dutch dividend withholding tax is granted if the recipient of dividends paid by us is not considered the beneficial owner of such dividends.

### *Gift or Inheritance Taxes*

Dutch gift or inheritance taxes will not be levied on the transfer of ordinary shares by way of gift, or upon the death of a Non-Resident Holder, unless:

(1) The transfer is construed as an inheritance or as a gift made by or on behalf of a person who, at the time of the gift or death, is deemed to be, resident of the Netherlands; or

(2) The ordinary shares are attributable to an enterprise or part thereof that is carried on through a permanent establishment or a permanent representative in the Netherlands.

Gift tax and inheritance tax are levied on the beneficiary. For purposes of Dutch gift and inheritance tax, an individual of Dutch nationality is deemed to be a resident of the Netherlands if he has been a resident thereof at any time during the ten years preceding the time of the gift or death. For purposes of Dutch gift tax, a person not possessing Dutch nationality is deemed to be a resident of the Netherlands if he/she has resided therein at any time in the twelve months preceding the gift.

### *Value Added Tax*

No Dutch value added tax is imposed on dividends in respect of our ordinary shares or on the transfer of our shares.

### *Residence*

A Non-Resident Holder will not become resident, or be deemed to be resident, in the Netherlands solely as a result of holding our ordinary shares or of the execution, performance, delivery and/or enforcement of rights in respect of our ordinary shares.

## [Table of Contents](#)

### *United States Taxation*

The following is a discussion of the material United States federal income tax consequences relating to the acquisition, ownership and disposition of Ordinary Shares by a United States Holder (as defined below) acting in the capacity of a beneficial owner who is not a tax resident of the Netherlands. This discussion deals only with Ordinary Shares held as capital assets and does not deal with the tax consequences applicable to all categories of investors, some of which (such as tax-exempt entities, financial institutions, regulated investment companies, dealers in securities/traders in securities that elect a mark-to-market method of accounting for securities holdings, insurance companies, investors owning directly, indirectly or constructively 10.0 percent or more of our outstanding voting shares, investors who hold Ordinary Shares as part of hedging or conversion transactions and investors whose functional currency is not the U.S. dollar) may be subject to special rules. In addition, the discussion does not address any alternative minimum tax or any state, local, FIRPTA related United States federal income tax consequences, or non-United States tax consequences.

This discussion is based on the Tax Treaty and the Internal Revenue Code of 1986, as amended to the date hereof, final, temporary and proposed Treasury Department regulations promulgated, and administrative and judicial interpretations thereof, changes to any of which subsequent to the date hereof, possibly with retroactive effect, may affect the tax consequences described herein. In addition, there can be no assurance that the IRS will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS or an opinion of counsel with respect to the United States federal income tax consequences of acquiring or holding shares. Prospective purchasers of Ordinary Shares are advised to consult their tax advisers with respect to their particular circumstances and with respect to the effects of United States federal, state, local or non-United States tax laws to which they may be subject.

As used herein, the term ‘United States Holder’ means a beneficial owner of Ordinary Shares for United States federal income tax purposes whose holding of such Ordinary Shares does not form part of the business property or assets of a permanent establishment or fixed base in the Netherlands; who is fully entitled to the benefits of the Treaty in respect of such Ordinary Shares; and is:

- An individual citizen or tax resident of the United States;
- A corporation or other entity treated as a corporation for United States federal income tax purposes created or organized in or under the laws of the United States or of any political subdivision thereof;
- An estate of which the income is subject to United States federal income taxation regardless of its source; or
- A trust whose administration is subject to the primary supervision of a court within the United States and which has one or more United States persons who have the authority to control all of its substantial decisions.

If an entity treated as a partnership for United States federal income tax purposes owns ordinary shares, the United States federal income tax treatment of a partner in such partnership will generally depend upon the status and tax residency of the partner and the activities of the partnership. A partnership that owns Ordinary Shares and the partners in such partnership should consult their tax advisors about the United States federal income tax consequences of holding and disposing of the ordinary Shares.

### *Passive Foreign Investment Company Considerations*

We believe we were not a PFIC for US federal income tax purposes in 2012 and that it will not be a PFIC in 2013. However, as PFIC status is a factual matter that must be determined annually at the close of each taxable year, there can be no certainty as to our actual PFIC status in any particular year until the close of the taxable year in question. We have not conducted a detailed study at this time to confirm its non-PFIC status. If we were treated as a PFIC in any year during which a United States Holder owned common shares, certain adverse tax consequences could apply. Investors should consult their tax advisors with respect to any PFIC considerations.

### *Taxation of Dividends*

United States Holders should generally include in gross income, as foreign-source dividend income the gross amount of any non-liquidating distribution (before reduction for Dutch withholding taxes) we makes out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes) when the distribution is actually or constructively received by the United States Holder. Distributions will not be eligible for the dividends- received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. The amount of the dividend distribution includible in income of a United States Holder should be the U.S. dollar value of the foreign currency (e.g. euros) paid, determined by the spot rate of exchange on the date of the distribution, regardless of whether the payment is in fact converted into U.S. dollars. Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of the United States Holder’s US tax basis in the Ordinary Shares and thereafter as taxable capital gain. We presently do not maintain calculations of our earnings and profits under United States federal income tax principles. If we do not report to a United States Holder the portion of a distribution that

## Table of Contents

exceeds earnings and profits, the distribution will generally be taxable as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

Subject to limitations provided in the United States Internal Revenue Code, a United States Holder may generally deduct from its United States federal taxable income, or credit against its United States federal income tax liability, the amount of qualified Dutch withholding taxes. However, Dutch withholding tax may be credited only if the United States Holder does not claim a deduction for any Dutch or other non-United States taxes paid or accrued in that year. In addition, Dutch dividend withholding taxes will likely not be creditable against the United States Holder's United States tax liability to the extent we are not required to pay over the amount withheld to the Dutch Tax Administration. Currently, a Dutch corporation that receives dividends from qualifying non-Dutch subsidiaries may credit source country tax withheld from those dividends against Dutch withholding tax imposed on a dividend paid by a Dutch corporation, up to a maximum of 3.0 percent of the dividend paid by the Dutch corporation. The credit reduces the amount of dividend withholding that we are required to pay to the Dutch Tax Administration but does not reduce the amount of tax we are required to withhold from dividends.

For US foreign tax credit purposes, dividends paid by us generally will be treated as foreign-source income and as 'passive category income' (or in the case of certain holders, as 'general category income'). Gains or losses realized by a United States Holder on the sale or exchange of Ordinary Shares generally will be treated as US-source gain or loss. The rules governing the foreign tax credit are complex and we suggest that each United States Holder consult his or her own tax advisor to determine whether, and to what extent, a foreign tax credit will be available.

Dividends received by a United States Holder will generally be taxed at ordinary income tax rates. However, the Jobs and Growth Tax Reconciliation Act of 2003, as amended by the Tax Increase and Prevention Act of 2005 and the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 reduce to 15.0 percent the maximum tax rate for certain dividends received by individuals through taxable years beginning on or before December 31, 2012, so long as certain exclusions do not apply and the stock has been held for at least 60 days during the 121- day period beginning 60 days before the ex-dividend date. Dividends received from 'qualified foreign corporations' generally qualify for the reduced rate. A non-United States corporation (other than a PFIC) generally will be considered to be a qualified foreign corporation if: (i) the shares of the non-United States corporation are readily tradable on an established securities market in the United States or (ii) the non-United States corporation is eligible for the benefits of a comprehensive income tax treaty with the United States that has been identified as a qualifying treaty and contains an exchange of information program. Individual United States Holders should consult their tax advisors regarding the impact of this provision on their particular situations.

Dividends paid by us generally will constitute 'portfolio income' for purposes of the limitations on the use of passive activity losses (and, therefore, generally may not be offset by passive activity losses) and as 'investment income' for purposes of the limitation on the deduction of investment interest expense.

### Taxation on Sale or Other Disposition of Ordinary Shares

Upon a sale or other disposition of Ordinary Shares, a United States Holder will generally recognize capital gain or loss for United States federal income tax purposes in an amount equal to the difference between the amount realized, if paid in US dollars, or the U.S. dollar value of the amount realized (determined at the spot rate on the settlement date of the sale) if proceeds are paid in currency other than the U.S. dollar, as the case may be, and the United States Holder's US tax basis (determined in U.S. dollars) in such Ordinary Shares. Generally, the capital gain or loss will be long-term capital gain or loss if the holding period of the United States Holder in the Ordinary Shares exceeds one year at the time of the sale or other disposition. The deductibility of capital losses is subject to limitations for United States federal income tax purposes. Gain or loss from the sale or other disposition of Ordinary Shares generally will be treated as United States source income or loss for United States foreign tax credit purposes. Generally, any gain or loss resulting from currency fluctuations during the period between the date of the sale of the Ordinary Shares and the date the sale proceeds are converted into U.S. dollars will be treated as ordinary income or loss from sources within the United States. Each United States Holder should consult his or her tax advisor with regard to the translation rules applicable when computing its adjusted US tax basis and the amount realized upon a sale or other disposition of its Ordinary Shares if purchased in, or sold or disposed of for, a currency other than U.S. dollar.

### Information Reporting and Backup Withholding

Information returns may be filed with the IRS in connection with payments on the Ordinary Shares or proceeds from a sale, redemption or other disposition of the Ordinary Shares. A 'backup withholding' tax may be applied to, and withheld from, these payments if the beneficial owner fails to provide a correct taxpayer identification number to the paying agent and to comply with certain certification procedures or otherwise establish an exemption from backup withholding. Any amounts withheld under the backup withholding rules might be refunded (or credited against the beneficial owner's