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ASML confirms 2013 outlook and sees H2 2013 sales levels continuing in H1 2014

VELDHOVEN, the Netherlands, 16 October 2013 - ASML Holding N.V. (ASML) today publishes 2013 third-quarter results.

- ASML reports Q3 2013 results as guided and confirms a 2013 full year net sales outlook of up to EUR 5.2 billion, including Cymer
- ASML guides fourth-quarter net sales at around EUR 1.8 billion, gross margin at between 43 and 44 percent, including accounting impact from Cymer acquisition
- ASML sees H1 2014 sales at similar levels to H2 2013, excluding EUV

(Figures in millions of euros unless otherwise indicated)	Q3 2013	Q2 2013
Net sales	**1,318**	**1,187**
...of which service and field option sales	**359**	**271**
Other income (Co-Investment Program)	**17**	**16**
New systems sold (units)	**30**	**34**
Used systems sold (units)	**4**	**4**
Net bookings, excluding EUV	**1,415**	**1,065**
Net bookings, excluding EUV (units)	**51**	**38**
ASP of booked systems, excluding EUV	**27.7**	**28.0**
Systems backlog, excluding EUV	**1,838**	**1,395**
Systems backlog, excluding EUV (units)	**59**	**42**
Gross profit	**531**	**482**
Gross margin (%)	**40.3**	**40.6**
Net income	**193**	**221**
EPS (in euro)	**0.44**	**0.52**
End-quarter cash and cash equivalents and short-term investments	**2,724**	**2,351**

CEO Statement

"ASML's third-quarter sales and gross margin are in line with our previous guidance and were mainly driven by sales to logic customers, who continue to place orders as they fulfill their lithography capacity and technology needs with our leading-edge immersion scanners and Holistic Lithography products that are growing towards 10 percent of sales. Our first

TWINSCAN NXT:1970Ci was shipped in the quarter. It delivers record productivity of above 250 wafers per hour and is optimally suited to multiple patterning at the 20/14 nanometer node, supporting our customers' cost and technology roadmaps. As expected, we have seen healthy bookings for our advanced products from memory customers, driven by DRAM technology upgrades and additional NAND capacity. Therefore, we see demand in the first half of 2014 at a level consistent with our H2 2013 net sales, excluding additional Extreme Ultraviolet (EUV) system sales which are incremental until insertion into volume production. The integration work on our NXE:3300B EUV scanners is progressing steadily. We remain on target to deliver systems with a throughput of 70 wafers per hour next year, upgradeable to 125 wafers per hour in 2015. Based on the progress over the last few quarters, customers have intensified their cooperation with us, allocating investments and resources focused on potential insertion of EUV at the 10nm logic node," said ASML President and Chief Executive Officer Peter Wennink.

Third Quarter 2013 Product Highlights

- Our new TWINSCAN NXT:1970Ci system offers overlay below 2 nanometers, focus control of less than 20 nanometers and productivity of more than 250 wafers per hour. About 250 TWINSCAN NXT:1950i and NXT:1960Bi systems currently in use by our customers are field-upgradeable to the same performance level.
- We have shipped the 100th YieldStar metrology system, which generates data for our Holistic Lithography products that control overlay, CD and focus for the most advanced process nodes of our customers.
- We are installing the first NXE:3300B systems at customer sites and plan to ship a total of three systems this year.
- In imaging tests, the NXE:3300B met the production requirements of the 10 nanometer logic node in imaging of lines and spaces and other critical exposure features, and it will be extendable to the 7 nanometer logic node.

Outlook

- For the fourth quarter of 2013, ASML expects net sales of around EUR 1.8 billion, a gross margin of 43-44 percent, R&D costs of about EUR 255 million, other income of EUR 17 million -- which consists of contributions from participants of the Customer Co-Investment Program -- and SG&A costs of about EUR 90 million.
- The expected fourth-quarter gross margin of between 43 and 44 percent includes an impact from non-cash purchase price accounting adjustments related to the Cymer acquisition, equivalent to a gross margin impact of about 1.6 percentage points.

- In the fourth quarter we expect to recognize revenue for one of the three NXE:3300B EUV systems that we expect to ship this year. The first series of such systems will not contribute to profit due to the low utilization of our EUV manufacturing infrastructure and early learning curve costs in our supply chain and, directly resulting from the Cymer acquisition, the cost of the liability to upgrade the first 11 EUV sources in the field, which is now assumed by ASML. Excluding the one NXE:3300B, the Q4 gross margin would be 1.6 percent higher.

Update Share Buy Back Program

As part of ASML's policy to return excess cash to shareholders through dividend and regularly timed share buy-backs, ASML has announced its intention to purchase up to EUR 1.0 billion of its own shares within the 2013-2014 timeframe. Through 30 September 2013, ASML has acquired 2.2 million shares under this program for total consideration of EUR 136.3 million. The repurchased shares will be cancelled. All transactions under the buy-back programs are published on ASML's website (www.asml.com/investors). The share buy-back program may be suspended, modified or discontinued at any time.

About ASML

ASML makes possible affordable microelectronics that improve the quality of life. ASML invents and develops complex technology for high-tech lithography machines for the semiconductor industry. ASML's guiding principle is continuing Moore's Law towards ever smaller, cheaper, more powerful and energy-efficient semiconductors. Our success is based on three pillars: technology leadership combined with customer and supplier intimacy, highly efficient processes and entrepreneurial people. We are a multinational company with over 70 locations in 16 countries, headquartered in Veldhoven, the Netherlands. We employ more than 13,000 people on payroll and flexible contracts (expressed in full time equivalents). Our company is an inspiring place where employees work, meet, learn and share. ASML is traded on Euronext Amsterdam and NASDAQ under the symbol ASML. More information about ASML, our products and technology, and career opportunities is available on: www.asml.com

Investor and Media Conference Call

A conference call for investors and media will be hosted by CEO Peter Wennink at 15:00 PM Central European Time / 09:00 AM Eastern U.S. time. Dial-in numbers are: in the Netherlands + 31 20 794 8484 and the US + 1 480 629 9856 (no confirmation code needed). Listen-only access is also available via www.asml.com

A replay of the Investor and Media Call will be available on www.asml.com

US GAAP and IFRS Financial Reporting

ASML's primary accounting standard for quarterly earnings releases and annual reports is US GAAP, the accounting principles generally accepted in the United States of America. Quarterly US GAAP consolidated statements of operations, consolidated statements of cash flows and consolidated balance sheets, and a reconciliation of net income and equity from US GAAP to IFRS as adopted by the EU (‘IFRS’)are available on www.asml.com

In addition to reporting financial figures in accordance with US GAAP, ASML also reports financial figures in accordance with IFRS for statutory purposes. The most significant differences between US GAAP and IFRS that affect ASML concern the capitalization of certain product development costs, the accounting of share-based payment plans and the accounting of income taxes. ASML’s quarterly IFRS consolidated statement of profit or loss, consolidated statement of cash flows, consolidated statement of financial position and a reconciliation of net income and equity from US GAAP to IFRS are available on www.asml.com

The consolidated balance sheets of ASML Holding N.V. as of 29 September 2013, the related consolidated statements of operations and consolidated statements of cash flows for the quarter ended 29 September 2013 as presented in this press release are unaudited.

Regulated Information

This press release, the US GAAP consolidated financial statements and the IFRS consolidated financial statements published on www.asml.com comprise regulated information within the meaning of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

Forward Looking Statements

“Safe Harbor” Statement under the US Private Securities Litigation Reform Act of 1995: the matters discussed in this document may include forward-looking statements, including statements made about our outlook, expected sales levels, realization of systems backlog, IC unit demand, expected financial results, gross margin and expenses, expected impact and adjustments relating to the Cymer acquisition (including purchase price allocation adjustments), the number of EUV systems expected to be shipped and recognized in revenue and timing of shipments, dividend policy and intention to repurchase shares. These forward looking statements are subject to risks and uncertainties including, but not limited to: economic conditions, product demand and semiconductor equipment industry capacity, worldwide demand and manufacturing capacity utilization for semiconductors (the principal product of our customer base), including the impact of general economic conditions on consumer confidence and demand for our customers' products, competitive products and pricing, the impact of manufacturing efficiencies and capacity constraints, the continuing success of technology advances and the related pace of new product development and customer acceptance of new products, our ability to enforce patents and protect intellectual property rights, the risk of intellectual property litigation, availability of raw materials and critical manufacturing equipment, trade environment, changes in exchange rates, available cash, distributable reserves for dividend payments and share repurchases, our ability to successfully integrate Cymer and the amounts of adjustments ultimately recognized in connection with the Cymer acquisition, and other risks indicated in the risk factors included in ASML's Annual Report on Form 20-F and other filings with the US Securities and Exchange Commission.

ASML - Summary IFRS Consolidated Statement of Profit or Loss [1,2]

(in millions EUR)	Three months ended, Sep 29, 2013	Sep 30, 2012	Nine months ended, Sep 29, 2013	Sep 30, 2012
Net system sales	959.5	1,000.3	2,551.9	3,035.1
Net service and field option sales	358.7	228.5	845.1	673.3
Total net sales	1,318.2	1,228.8	3,397.0	3,708.4
Total cost of sales	(808.3)	(724.6)	(2,104.0)	(2,193.6)
Gross profit	509.9	504.2	1,293.0	1,514.8
Other income	16.7	-	47.2	-
Research and development costs	(162.3)	(60.4)	(380.7)	(210.6)
Selling, general and administrative costs	(90.1)	(70.4)	(222.0)	(177.6)
Operating income	274.2	373.4	737.5	1,126.6
Interest and other, net	(9.8)	(2.9)	(16.7)	(4.0)
Income before income taxes	264.4	370.5	720.8	1,122.6
Benefit from (provision for) income taxes	(16.3)	(47.9)	(58.0)	(141.1)
Net income	248.1	322.6	662.8	981.5

ASML - Summary IFRS Consolidated Statement of Financial Position [1,2]

(in millions EUR)	Sep 29, 2013	Dec 31, 2012
ASSETS		
Property, plant and equipment	1,173.2	1,029.9
Goodwill	1,977.9	158.1
Other intangible assets	1,386.8	460.9
Deferred tax assets	281.7	188.6
Finance receivables	17.6	38.6
Derivative financial instruments	21.8	101.7
Other assets	261.6	206.9
Total non-current assets	5,120.6	2,184.7
Inventories	2,479.7	1,857.0
Current tax assets	26.8	57.1
Derivative financial instruments	56.2	50.1
Finance receivables	426.3	265.2
Accounts receivable	626.2	605.3
Other assets	278.0	166.0
Short-term investments	662.5	930.0
Cash and cash equivalents	2,061.2	1,767.6
Total current assets	6,616.9	5,698.3
Total assets	11,737.5	7,883.0
EQUITY AND LIABILITIES		
Equity	7,204.7	4,498.2
Long-term debt	1,075.8	752.9
Derivative financial instruments	2.7	4.0
Deferred and other tax liabilities	438.4	132.8
Provisions	6.2	8.0
Accrued and other liabilities	253.6	401.1
Total non-current liabilities	1,776.7	1,298.8
Provisions	2.3	2.3
Derivative financial instruments	8.5	6.9
Current portion of long-term debt	3.8	3.6
Current and other tax liabilities	17.7	10.7
Accrued and other liabilities	2,001.0	1,873.5
Accounts payable	722.8	189.0
Total current liabilities	2,756.1	2,086.0
Total equity and liabilities	11,737.5	7,883.0

ASML - Summary IFRS Consolidated Statement of Cash Flows [1,2]

(in millions EUR)	Three months ended, Sep 29, 2013	Sep 30, 2012	Nine months ended, Sep 29, 2013	Sep 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	248.1	322.6	662.8	981.5
Adjustments to reconcile net income to net cash flows from operating activities:				
Depreciation and amortization	86.2	62.6	218.0	220.0
Impairment	0.5	1.7	3.2	2.8
Loss on disposal of property, plant and equipment	0.5	0.5	1.1	2.0
Share-based payments	17.2	4.9	32.3	13.7
Allowance for doubtful receivables	0.5	0.5	1.2	0.8
Allowance for obsolete inventory	48.2	18.4	112.5	80.1
Deferred income taxes	(27.6)	36.6	24.8	71.4
Changes in assets and liabilities	(182.1)	126.4	(268.2)	(188.5)
Net cash provided by (used in) operating activities	191.5	574.2	787.7	1,183.8
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(55.3)	(50.2)	(133.1)	(136.2)
Purchase of intangible assets	(82.2)	(83.4)	(257.4)	(226.5)
Purchase of available for sale securities	(174.9)	(440.0)	(649.9)	(1,290.0)
Maturity of available for sale securities	270.7	250.0	957.4	250.0
Acquisition of subsidiaries (net of cash acquired)	-	-	(443.7)	-
Net cash provided by (used in) investing activities	(41.7)	(323.6)	(526.7)	(1,402.7)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	-	-	(216.1)	(188.9)
Purchase of shares	(51.6)	(25.2)	(136.3)	(269.7)
Net proceeds from issuance of shares	4.0	3,046.5	21.6	3,067.0
Net proceeds from issuance of bond	740.4	-	740.4	-
Repurchase of bond [3]	(368.3)	-	(368.3)	-
Capital repayment	-	-	-	-
Repayment of debt	(1.2)	(0.7)	(2.9)	(2.1)
Net cash provided by (used in) financing activities	323.3	3,020.6	38.4	2,606.3
Net cash flows	473.1	3,271.2	299.4	2,387.4
Effect of changes in exchange rates on cash	(4.2)	(4.2)	(5.8)	(0.4)
Net increase (decrease) in cash and cash equivalents	468.9	3,267.0	293.6	2,387.0

ASML - Quarterly Summary IFRS Consolidated Statement of Profit or Loss [1,2]

	Three months ended,				
(in millions EUR)	Sep 29, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012
Net system sales	959.5	915.5	676.9	766.5	1,000.3
Net service and field option sales	358.7	271.2	215.2	256.6	228.5
Total net sales	1,318.2	1,186.7	892.1	1,023.1	1,228.8
Total cost of sales	(808.3)	(724.9)	(570.8)	(642.1)	(724.6)
Gross profit	509.9	461.8	321.3	381.0	504.2
Other income	16.7	16.3	14.2	-	-
Research and development costs	(162.3)	(116.7)	(101.7)	(87.5)	(60.4)
Selling, general and administrative costs	(90.1)	(69.2)	(62.7)	(78.9)	(70.4)
Operating income	274.2	292.2	171.1	214.6	373.4
Interest and other, net	(9.8)	(6.7)	(0.2)	0.7	(2.9)
Income before income taxes	264.4	285.5	170.9	215.3	370.5
Benefit from (provision for) income taxes	(16.3)	(26.5)	(15.2)	105.5	(47.9)
Net income	248.1	259.0	155.7	320.8	322.6

ASML - Quarterly Summary IFRS Consolidated Statement of Financial Position [1,2]

(in millions EUR)	Sep 29, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012
ASSETS					
Property, plant and equipment	1,173.2	1,137.2	1,012.3	1,029.9	1,036.9
Goodwill	1,977.9	2,046.8	162.3	158.1	154.9
Other intangible assets	1,386.8	1,364.5	533.2	460.9	411.4
Deferred tax assets	281.7	236.7	189.5	188.6	195.3
Finance receivables	17.6	17.5	17.4	38.6	44.7
Derivative financial instruments	21.8	65.9	102.1	101.7	94.0
Other assets	261.6	223.6	207.8	206.9	207.8
Total non-current assets	5,120.6	5,092.2	2,224.6	2,184.7	2,145.0
Inventories	2,479.7	2,359.0	2,005.8	1,857.0	1,935.8
Current tax assets	26.8	49.4	64.8	57.1	36.6
Derivative financial instruments	56.2	35.0	32.6	50.1	41.9
Finance receivables	426.3	252.4	300.8	265.2	221.6
Accounts receivable	626.2	612.8	689.8	605.3	326.8
Other assets	278.0	232.5	215.2	166.0	167.5
Short-term investments	662.5	758.3	840.0	930.0	1,040.0
Cash and cash equivalents	2,061.2	1,592.3	1,780.1	1,767.6	5,118.8
Total current assets	6,616.9	5,891.7	5,929.1	5,698.3	8,889.0
Total assets	11,737.5	10,983.9	8,153.7	7,883.0	11,034.0
EQUITY AND LIABILITIES					
Equity	7,204.7	7,050.7	4,664.5	4,498.2	7,315.4
Long-term debt	1,075.8	732.9	743.8	752.9	744.2
Derivative financial instruments	2.7	2.9	11.8	4.0	3.7
Deferred and other tax liabilities	438.4	441.3	143.1	132.8	255.0
Provisions	6.2	6.9	6.6	8.0	8.7
Accrued and other liabilities	253.6	260.0	237.9	401.1	405.3
Total non-current liabilities	1,776.7	1,444.0	1,143.2	1,298.8	1,416.9
Provisions	2.3	2.4	3.3	2.3	2.3
Derivative financial instruments	8.5	9.1	3.4	6.9	7.2
Current portion of long-term debt	3.8	3.8	3.6	3.6	2.6
Current and other tax liabilities	17.7	1.8	18.2	10.7	11.2
Accrued and other liabilities	2,001.0	1,960.1	1,895.2	1,873.5	1,885.5
Accounts payable	722.8	512.0	422.3	189.0	392.9
Total current liabilities	2,756.1	2,489.2	2,346.0	2,086.0	2,301.7
Total equity and liabilities	11,737.5	10,983.9	8,153.7	7,883.0	11,034.0

ASML - Quarterly Summary IFRS Consolidated Statement of Cash Flows [1,2]

(in millions EUR)	Three months ended, Sep 29, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	248.1	259.0	155.7	320.8	322.6
Adjustments to reconcile net income to net cash flows from operating activities:					
Depreciation and amortization	86.2	68.8	63.0	65.9	62.6
Impairment	0.5	2.6	0.1	0.5	1.7
Loss on disposal of property, plant and equipment	0.5	0.5	0.1	0.2	0.5
Share-based payments	17.2	9.4	5.7	5.0	4.9
Allowance for doubtful receivables	0.5	0.4	0.3	(0.3)	0.5
Allowance for obsolete inventory	48.2	33.9	30.4	38.7	18.4
Deferred income taxes	(27.6)	45.5	6.9	(113.1)	36.6
Changes in assets and liabilities	(182.1)	144.2	(230.3)	(502.2)	126.4
Net cash provided by (used in) operating activities	191.5	564.3	31.9	(184.5)	574.2
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(55.3)	(50.5)	(27.3)	(35.7)	(50.2)
Purchase of intangible assets	(82.2)	(83.0)	(92.2)	(74.7)	(83.4)
Purchase of available for sale securities	(174.9)	(125.0)	(350.0)	(90.0)	(440.0)
Maturity of available for sale securities	270.7	246.7	440.0	200.0	250.0
Acquisition of subsidiaries (net of cash acquired)	-	(443.7)	-	(10.3)	-
Net cash provided by (used in) investing activities	(41.7)	(455.5)	(29.5)	(10.7)	(323.6)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	-	(216.1)	-	-	-
Purchase of shares	(51.6)	(84.7)	-	(265.7)	(25.2)
Net proceeds from issuance of shares	4.0	7.2	10.4	840.7	3,046.5
Net proceeds from issuance of bond	740.4	-	-	-	-
Repurchase of bond [3]	(368.3)	-	-	-	-
Capital repayment	-	-	-	(3,728.3)	-
Repayment of debt	(1.2)	(0.9)	(0.8)	(0.8)	(0.7)
Net cash provided by (used in) financing activities	323.3	(294.5)	9.6	(3,154.1)	3,020.6
Net cash flows	473.1	(185.7)	12.0	(3,349.3)	3,271.2
Effect of changes in exchange rates on cash	(4.2)	(2.1)	0.5	(1.9)	(4.2)
Net increase (decrease) in cash and cash equivalents	468.9	(187.8)	12.5	(3,351.2)	3,267.0

Notes to the Summary IFRS Consolidated Financial Statements

Basis of Presentation
The accompanying consolidated financial statements are stated in millions of euros (‘EUR’) unless otherwise indicated. ASML has prepared the accompanying summary consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU – accounting principles generally accepted in the Netherlands for companies quoted on Euronext Amsterdam. On May 30, 2013, we acquired 100% of the issued share capital of Cymer Inc., financial information presented in the Consolidated Financial Statements include Cymer Inc. as of that date. Further disclosures, as required under IFRS in annual reports and interim reporting (IAS 34), are not included in the summary consolidated financial statements.

For internal and external reporting purposes, we apply accounting principles generally accepted in the United States of America (“U.S. GAAP”). U.S. GAAP is our primary accounting standard for the setting of financial and operational performance targets.

Use of estimates
The preparation of our consolidated financial statements in conformity with IFRS as adopted by the EU requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the dates of the statement of financial position and the reported amounts of revenue and expenses during the reported periods. Actual results could differ from those estimates.

Basis of consolidation
The consolidated financial statements include the financial statements of ASML Holding N.V. and its subsidiaries and the special purpose entities over which ASML has control (referred to as “ASML”). All intercompany profits, balances and transactions have been eliminated in the consolidation. Subsidiaries are all entities over which ASML has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights.

Revenue recognition
In general, we recognize the revenue from the sale of a system upon shipment and the revenue from the installation of a system upon completion of that installation at the customer site. Each system undergoes, prior to shipment, a "Factory Acceptance Test" in ASML’s cleanroom facilities, effectively replicating the operating conditions that will be present on the customer's site, in order to verify whether the system will meet its standard specifications and any additional technical and performance criteria agreed with the customer, if any. A system is shipped, and revenue is recognized, only after all specifications are met and customer sign-off is received or waived. In case not all specifications are met and the remaining performance obligation is not essential to the functionality of the system but is substantive rather than inconsequential or perfunctory, a portion of the sales price is deferred. Although each system's performance is re-tested upon installation at the customer's site, we have never failed to successfully complete installation of a system at a customer’s premises.

The main portion of our revenue is derived from contractual arrangements with our customers that have multiple deliverables, which mainly include the sale of our systems, installation and training services and prepaid extended and enhanced (optic) warranty contracts. The revenue relating to the undelivered elements of the arrangements is deferred until delivery of these elements. Revenue from installation and training services is recognized when the services are completed. Revenue from prepaid extended and enhanced (optic) warranty contracts is recognized over the term of the contract.

Foreign currency risk management
Our sales are predominately denominated in euros. Exceptions may occur on a customer by customer basis. Our cost of sales and other expenses are mainly dominated in euros, to a certain extent in U.S. dollar and

Japanese yen and to a limited extent in other currencies. Therefore, we are exposed to foreign currency exchange risk.

It is our policy to hedge material transaction exposures, such as forecasted sales and purchase transactions, and material net remeasurement exposures, such as accounts receivable and payable. We hedge these exposures through the use of foreign exchange contracts.

ASML – Reconciliation U.S. GAAP – IFRS [1,2]

Net income	Three months ended,		Nine months ended,	
	Sep 29, 2013	Sep 30, 2012	Sep 29, 2013	Sep 30, 2012
(in millions EUR)				
Net income based on U.S. GAAP	*193.1*	*274.7*	*510.1*	*848.6*
Development expenditures (see Note 1)	50.7	49.0	160.6	123.7
Share-based payments (see Note 2)	1.5	0.2	2.2	0.4
Income taxes (see Note 3)	2.8	(0.9)	(10.1)	2.0
Reversal of write-downs (see Note 4)	-	(0.4)	-	6.8
Net income based on IFRS	*248.1*	*322.6*	*662.8*	*981.5*

Shareholders' equity	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012
(in millions EUR)					
Shareholders' equity based on U.S. GAAP	*6,603.1*	*6,498.0*	*4,172.1*	*4,066.9*	*6,905.7*
Development expenditures (see Note 1)	555.7	507.3	456.1	396.8	356.6
Share-based payments (see Note 2)	27.9	27.1	4.2	4.1	4.1
Income taxes (see Note 3)	18.0	18.3	32.1	30.4	35.0
Reversal of write-downs (see Note 4)	-	-	-	-	14.0
Equity based on IFRS	*7,204.7*	*7,050.7*	*4,664.5*	*4,498.2*	*7,315.4*

Notes to the reconciliation from U.S. GAAP to IFRS

Note 1 Development expenditures

Under U.S. GAAP, ASML applies ASC 730, “Research and Development”. In accordance with ASC 730, ASML charges costs relating to research and development to operating expense as incurred.

Under IFRS, ASML applies IAS 38, “Intangible Assets”. In accordance with IAS 38, ASML capitalizes certain development expenditures that are amortized over the expected useful life of the related product generally ranging between one and three years. Amortization starts when the developed product is ready for volume production.

Note 2 Share-based Payments

Under U.S. GAAP, ASML applies ASC 718 “Compensation- Stock Compensation” which requires companies to recognize the cost of employee services received in exchange for awards of equity instruments based upon the grant-date fair value of those instruments. ASC 718’s general principle is that a deferred tax asset is established as we recognize compensation costs for commercial purposes for awards that are expected to result in a tax deduction under existing tax law. Under U.S. GAAP, the deferred tax recorded on share-based compensation is computed on the basis of the expense recognized in the financial statements. Therefore, changes in ASML’s share price do not affect the deferred tax asset recorded in our financial statements.

Under IFRS, ASML applies IFRS 2, “Share-based Payments”. In accordance with IFRS 2, ASML records as an expense the fair value of its share-based payments with respect to stock options and stock granted to its employees after November 7, 2002. Under IFRS, at period end a deferred tax asset is computed on the basis of the tax deduction for the share-based payments under the applicable tax law and is recognized to the extent it is probable that future taxable profit will be available against which these deductible temporary differences will be utilized. Therefore, changes in ASML’s share price do affect the deferred tax asset at period-end and result in adjustments to the deferred tax asset.

Note 3 Income taxes

Under U.S. GAAP, the elimination of unrealized net income from intercompany transactions that are eliminated from the carrying amount of assets in consolidation give rise to a temporary difference for which prepaid taxes must be recognized in consolidation. Contrary to IFRS, the prepaid taxes under U.S. GAAP are calculated based on the tax rate applicable in the seller’s rather than the purchaser’s tax jurisdiction.

Under IFRS, ASML applies IAS 12, “Income Taxes” beginning from January 1, 2005. In accordance with IAS 12 unrealized net income resulting from intercompany transactions that are eliminated from the carrying amount of assets in consolidation give rise to a temporary difference for which deferred taxes must be recognized in consolidation. The deferred taxes are calculated based on the tax rate applicable in the purchaser’s tax jurisdiction.

Note 4 Reversal of write-downs

Under U.S. GAAP, ASML applies ASC 330 “Inventory”. In accordance with ASC 330 reversal of a write-down is prohibited as a write-down creates a new cost basis.

Under IFRS, ASML applies IAS 2 (revised), “Inventories”. In accordance with IAS 2, reversal of a prior period write-down as a result of a subsequent increase in value of inventory should be recognized in the period in which the value increase occurs.

“Safe Harbor” Statement under the US Private Securities Litigation Reform Act of 1995: the matters discussed in this document may include forward-looking statements, including statements made about our outlook, expected sales levels, realization of systems backlog, IC unit demand, expected financial results, gross margin and expenses, expected impact and adjustments relating to the Cymer acquisition (including purchase price allocation adjustments), the number of EUV systems expected to be shipped and recognized in revenue and timing of shipments, dividend policy and intention to repurchase shares. These forward looking statements are subject to risks and uncertainties including, but not limited to: economic conditions, product demand and semiconductor equipment industry capacity, worldwide demand and manufacturing capacity utilization for semiconductors (the principal product of our customer base), including the impact of general economic conditions on consumer confidence and demand for our customers' products, competitive products and pricing, the impact of manufacturing efficiencies and capacity constraints, the continuing success of technology advances and the related pace of new product development and customer acceptance of new products, our ability to enforce patents and protect intellectual property rights, the risk of intellectual property litigation, availability of raw materials and critical manufacturing equipment, trade environment, changes in exchange rates, available cash, distributable reserves for dividend payments and share repurchases, our ability to successfully integrate Cymer and the amounts of adjustments ultimately recognized in connection with the Cymer acquisition, and other risks indicated in the risk factors included in ASML's Annual Report on Form 20-F and other filings with the US Securities and Exchange Commission.

[1] These financial statements are unaudited.

[2] Numbers have been rounded.

[3] The repurchase of bond consists of EUR 417.4 million cash payments to the bond holders offset by cash received as a result of unwinding the relating interest rate swap for an amount of EUR 49.1 million.

ASML - Summary U.S. GAAP Consolidated Statements of Operations [1,2]

(in millions EUR, except per share data)	Three months ended, Sep 29, 2013	Sep 30, 2012	Nine months ended, Sep 29, 2013	Sep 30, 2012
Net system sales	959.5	1,000.3	2,551.9	3,035.1
Net service and field option sales	358.7	228.5	845.1	673.3
Total net sales	1,318.2	1,228.8	3,397.0	3,708.4
Total cost of sales	(787.4)	(697.8)	(2,043.3)	(2,123.4)
Gross profit	530.8	531.0	1,353.7	1,585.0
Other income	16.7	-	47.2	-
Research and development costs	(244.1)	(143.8)	(628.9)	(433.7)
Selling, general and administrative costs	(91.2)	(69.7)	(221.7)	(179.8)
Income from operations	212.2	317.5	550.3	971.5
Interest and other, net	(11.6)	(2.5)	(20.9)	(2.8)
Income before income taxes	200.6	315.0	529.4	968.7
Benefit from (provision for) income taxes	(7.5)	(40.3)	(19.3)	(120.1)
Net income	193.1	274.7	510.1	848.6
Basic net income per ordinary share	0.44	0.65	1.20	2.05
Diluted net income per ordinary share [3]	0.43	0.65	1.19	2.03
Weighted average number of ordinary shares used in computing per share amounts (in millions):				
Basic	443.0	422.5	425.6	414.6
Diluted [3]	447.1	425.7	429.6	417.6

ASML - Ratios and Other Data [1,2]

(in millions EUR, except otherwise indicated)	Three months ended, Sep 29, 2013	Sep 30, 2012	Nine months ended, Sep 29, 2013	Sep 30, 2012
Gross profit as a percentage of net sales	40.3	43.2	39.8	42.7
Income from operations as a percentage of net sales	16.1	25.8	16.2	26.2
Net income as a percentage of net sales	14.7	22.4	15.0	22.9
Income taxes as a percentage of income before income taxes	3.7	12.8	3.6	12.4
Shareholders' equity as a percentage of total assets	59.7	65.2	59.7	65.2
Sales of systems (in units)	34	40	101	136
Average selling price of system sales (EUR millions)	28.2	25.0	25.3	22.3
Value of systems backlog excluding EUV (EUR millions)	1,838	1,340	1,838	1,340
Systems backlog excluding EUV (in units)	59	48	59	48
Average selling price of systems backlog excluding EUV (EUR millions)	31.1	27.9	31.1	27.9
Value of booked systems excluding EUV (EUR millions)	1,415	831	3,195	2,645
Net bookings excluding EUV (in units)	51	33	114	112
Average selling price of booked systems excluding EUV (EUR millions)	27.7	25.2	28.0	23.6
Number of payroll employees in FTEs	10,187	8,203	10,187	8,203
Number of temporary employees in FTEs	2,825	2,027	2,825	2,027

ASML - Summary U.S. GAAP Consolidated Balance Sheets [1,2]

(in millions EUR)	Sep 29, 2013	Dec 31, 2012
ASSETS		
Cash and cash equivalents	2,061.2	1,767.6
Short-term investments	662.5	930.0
Accounts receivable, net	626.2	605.3
Finance receivables, net	426.3	265.2
Current tax assets	26.8	57.1
Inventories, net	2,479.7	1,857.0
Deferred tax assets	158.6	103.7
Other assets	387.3	246.0
Total current assets	6,828.6	5,831.9
Finance receivables, net	17.6	38.6
Deferred tax assets	65.7	39.4
Other assets	287.3	311.6
Goodwill	1,949.4	149.2
Other intangible assets, net	745.4	9.9
Property, plant and equipment, net	1,173.2	1,029.9
Total non-current assets	4,238.6	1,578.6
Total assets	11,067.2	7,410.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
Total current liabilities	2,758.3	2,086.3
Long-term debt	1,079.6	755.9
Deferred and other tax liabilities	363.7	88.3
Provisions	6.2	8.0
Accrued and other liabilities	256.3	405.1
Total non-current liabilities	1,705.8	1,257.3
Total liabilities	4,464.1	3,343.6
Total shareholders' equity	6,603.1	4,066.9
Total liabilities and shareholders' equity	11,067.2	7,410.5

ASML - Summary U.S. GAAP Consolidated Statements of Cash Flows [1,2]

(in millions EUR)	Three months ended, Sep 29, 2013	Three months ended, Sep 30, 2012	Nine months ended, Sep 29, 2013	Nine months ended, Sep 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	193.1	274.7	510.1	848.6
Adjustments to reconcile net income to net cash flows from operating activities:				
Depreciation and amortization	67.9	36.7	161.2	143.1
Impairment	0.5	1.7	3.2	2.8
Loss on disposal of property, plant and equipment	0.5	0.5	1.1	2.0
Share-based payments	19.4	4.9	34.5	13.7
Allowance for doubtful receivables	0.5	0.5	1.2	0.8
Allowance for obsolete inventory	48.2	31.0	112.5	108.0
Deferred income taxes	(12.8)	25.6	2.4	47.9
Changes in assets and liabilities	(209.9)	113.7	(293.8)	(207.9)
Net cash provided by (used in) operating activities	107.4	489.3	532.4	959.0
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(55.3)	(50.2)	(133.1)	(136.2)
Purchase of intangible assets	-	-	(4.0)	(3.3)
Purchase of available for sale securities	(174.9)	(440.0)	(649.9)	(1,290.0)
Maturity of available for sale securities	270.7	250.0	957.4	250.0
Acquisition of subsidiaries (net of cash acquired)	-	-	(443.7)	-
Net cash provided by (used in) investing activities	40.5	(240.2)	(273.3)	(1,179.5)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	-	-	(216.1)	(188.9)
Purchase of shares	(51.6)	(25.2)	(136.3)	(269.7)
Net proceeds from issuance of shares	4.0	3,046.5	21.6	3,067.0
Net proceeds from issuance of bond	740.4	-	740.4	-
Repurchase of bond [4]	(368.3)	-	(368.3)	-
Capital repayment	-	-	-	-
Repayment of debt	(1.2)	(0.7)	(2.9)	(2.1)
Tax benefit from share-based payments	1.9	1.5	1.9	1.6
Net cash provided by (used in) financing activities	325.2	3,022.1	40.3	2,607.9
Net cash flows	473.1	3,271.2	299.4	2,387.4
Effect of changes in exchange rates on cash	(4.2)	(4.2)	(5.8)	(0.4)
Net increase (decrease) in cash and cash equivalents	468.9	3,267.0	293.6	2,387.0

ASML - Quarterly Summary U.S. GAAP Consolidated Statements of Operations [1,2]

(in millions EUR, except per share data)	Three months ended, Sep 29, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012
Net system sales	959.5	915.5	676.9	766.5	1,000.3
Net service and field option sales	358.7	271.2	215.2	256.6	228.5
Total net sales	1,318.2	1,186.7	892.1	1,023.1	1,228.8
Total cost of sales	(787.4)	(704.5)	(551.4)	(602.9)	(697.8)
Gross profit	530.8	482.2	340.7	420.2	531.0
Other income	16.7	16.3	14.2	-	-
Research and development costs	(244.1)	(200.0)	(184.8)	(155.4)	(143.8)
Selling, general and administrative costs	(91.2)	(67.9)	(62.6)	(79.5)	(69.7)
Income from operations	212.2	230.6	107.5	185.3	317.5
Interest and other, net	(11.6)	(6.0)	(3.3)	(3.4)	(2.5)
Income before income taxes	200.6	224.6	104.2	181.9	315.0
Benefit from (provision for) income taxes	(7.5)	(3.8)	(8.0)	115.8	(40.3)
Net income	193.1	220.8	96.2	297.7	274.7
Basic net income per ordinary share	0.44	0.52	0.24	0.66	0.65
Diluted net income per ordinary share [3]	0.43	0.51	0.23	0.65	0.65
Weighted average number of ordinary shares used in computing per share amounts (in millions):					
Basic	443.0	426.1	407.5	452.5	422.5
Diluted [3]	447.1	430.4	410.6	455.4	425.7

ASML - Quarterly Summary Ratios and other data [1,2]

(in millions EUR, except otherwise indicated)	Three months ended, Sep 29, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012
Gross profit as a percentage of net sales	40.3	40.6	38.2	41.1	43.2
Income from operations as a percentage of net sales	16.1	19.4	12.1	18.1	25.8
Net income as a percentage of net sales	14.7	18.6	10.8	29.1	22.4
Income taxes as a percentage of income before income taxes	3.7	1.7	7.6	(63.7)	12.8
Shareholders' equity as a percentage of total assets	59.7	62.6	54.8	54.9	65.2
Sales of systems (in units)	34	38	29	34	40
Average selling price of system sales (EUR millions)	28.2	24.1	23.3	22.5	25.0
Value of systems backlog excluding EUV (EUR millions)	1,838	1,395	1,266	1,214	1,340
Systems backlog excluding EUV (in units)	59	42	42	46	48
Average selling price of systems backlog excluding EUV (EUR millions)	31.1	33.2	30.1	26.4	27.9
Value of booked systems excluding EUV (EUR millions)	1,415	1,065	715	667	831
Net bookings excluding EUV (in units)	51	38	25	32	33
Average selling price of booked systems excluding EUV (EUR millions)	27.7	28.0	28.6	20.9	25.2
Number of payroll employees in FTEs	10,187	10,001	8,625	8,497	8,203
Number of temporary employees in FTEs	2,825	2,482	2,249	2,139	2,027

ASML - Quarterly Summary U.S. GAAP Consolidated Balance Sheets [1,2]

(in millions EUR)	Sep 29, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012
ASSETS					
Cash and cash equivalents	2,061.2	1,592.3	1,780.1	1,767.6	5,118.8
Short-term investments	662.5	758.3	840.0	930.0	1,040.0
Accounts receivable, net	626.2	612.8	689.8	605.3	326.8
Finance receivables, net	426.3	252.4	300.8	265.2	221.6
Current tax assets	26.8	49.4	64.8	57.1	36.6
Inventories, net	2,479.7	2,359.0	2,005.8	1,857.0	1,920.0
Deferred tax assets	158.6	162.4	105.1	103.7	111.0
Other assets	387.3	292.3	278.6	246.0	235.0
Total current assets	6,828.6	6,078.9	6,065.0	5,831.9	9,009.8
Finance receivables, net	17.6	17.5	17.4	38.6	44.7
Deferred tax assets	65.7	52.5	40.3	39.4	38.3
Other assets	287.3	292.1	312.7	311.6	304.9
Goodwill	1,949.4	2,017.3	153.2	149.2	145.9
Other intangible assets, net	745.4	782.3	12.6	9.9	7.2
Property, plant and equipment, net	1,173.2	1,137.2	1,012.3	1,029.9	1,036.9
Total non-current assets	4,238.6	4,298.9	1,548.5	1,578.6	1,577.9
Total assets	11,067.2	10,377.8	7,613.5	7,410.5	10,587.7
LIABILITIES AND SHAREHOLDERS' EQUITY					
Total current liabilities	2,758.3	2,489.4	2,346.4	2,086.3	2,301.8
Long-term debt	1,079.6	735.6	746.6	755.9	747.3
Deferred and other tax liabilities	363.7	385.0	92.1	88.3	215.2
Provisions	6.2	6.9	6.6	8.0	8.7
Accrued and other liabilities	256.3	262.9	249.7	405.1	409.0
Total non-current liabilities	1,705.8	1,390.4	1,095.0	1,257.3	1,380.2
Total liabilities	4,464.1	3,879.8	3,441.4	3,343.6	3,682.0
Total shareholders' equity	6,603.1	6,498.0	4,172.1	4,066.9	6,905.7
Total liabilities and shareholders' equity	11,067.2	10,377.8	7,613.5	7,410.5	10,587.7

ASML - Quarterly Summary U.S. GAAP Consolidated Statements of Cash Flows [1,2]

(in millions EUR)	Three months ended, Sep 29, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	193.1	220.8	96.2	297.7	274.7
Adjustments to reconcile net income to net cash flows from operating activities:					
Depreciation and amortization	67.9	48.8	44.5	43.5	36.7
Impairment	0.5	2.6	0.1	0.5	1.7
Loss on disposal of property, plant and equipment	0.5	0.5	0.1	0.2	0.5
Share-based payments	19.4	9.4	5.7	5.0	4.9
Allowance for doubtful receivables	0.5	0.4	0.3	(0.3)	0.5
Allowance for obsolete inventory	48.2	33.9	30.4	22.9	31.0
Deferred income taxes	(12.8)	14.9	0.3	(120.3)	25.6
Changes in assets and liabilities	(209.9)	150.0	(233.9)	(504.7)	113.7
Net cash provided by (used in) operating activities	107.4	481.3	(56.3)	(255.5)	489.3
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(55.3)	(50.5)	(27.3)	(35.7)	(50.2)
Purchase of intangible assets	-	-	(4.0)	(4.3)	-
Purchase of available for sale securities	(174.9)	(125.0)	(350.0)	(90.0)	(440.0)
Maturity of available for sale securities	270.7	246.7	440.0	200.0	250.0
Acquisition of subsidiaries (net of cash acquired)	-	(443.7)	-	(10.3)	-
Net cash provided by (used in) investing activities	40.5	(372.5)	58.7	59.7	(240.2)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	-	(216.1)	-	-	-
Purchase of shares	(51.6)	(84.7)	-	(265.7)	(25.2)
Net proceeds from issuance of shares	4.0	7.2	10.4	840.7	3,046.5
Net proceeds from issuance of bond	740.4	-	-	-	-
Repurchase of bond [4]	(368.3)	-	-	-	-
Capital repayment	-	-	-	(3,728.3)	-
Repayment of debt	(1.2)	(0.9)	(0.8)	(0.8)	(0.7)
Tax benefit from share-based payments	1.9	-	-	0.6	1.5
Net cash provided by (used in) financing activities	325.2	(294.5)	9.6	(3,153.5)	3,022.1
Net cash flows	473.1	(185.7)	12.0	(3,349.3)	3,271.2
Effect of changes in exchange rates on cash	(4.2)	(2.1)	0.5	(1.9)	(4.2)
Net increase (decrease) in cash and cash equivalents	468.9	(187.8)	12.5	(3,351.2)	3,267.0

Notes to the Summary U.S. GAAP Consolidated Financial Statements

Basis of Presentation
The accompanying consolidated financial statements are stated in millions of euros (‘EUR’) unless otherwise indicated. ASML follows accounting principles generally accepted in the United States of America (“U.S. GAAP”). On May 30, 2013, we acquired 100% of the issued share capital of Cymer Inc., financial information presented in the Consolidated Financial Statements include Cymer Inc. as of that date. Further disclosures, as required under U.S. GAAP in annual reports, are not included in the summary consolidated financial statements.

Use of estimates
The preparation of our consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the balance sheet dates, and the reported amounts of revenue and expenses during the reported periods. Actual results could differ from those estimates.

Principles of consolidation
The consolidated financial statements include the financial statements of ASML Holding N.V. and all of its subsidiaries and the variable interest entities in which ASML is the primary beneficiary (referred to as “ASML”). All intercompany profits, balances and transactions have been eliminated in the consolidation. Subsidiaries are all entities over which ASML has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights.

Revenue recognition
In general, ASML recognizes revenue when all four revenue recognition criteria are met: persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; seller’s price to buyer is fixed or determinable; and collectability is reasonably assured. At ASML this policy generally results in revenue recognition from the sale of a system upon shipment. The revenue from the installation of a system is generally recognized upon completion of that installation at the customer site. Each system undergoes, prior to shipment, a "Factory Acceptance Test" in ASML’s cleanroom facilities, effectively replicating the operating conditions that will be present on the customer's site, in order to verify whether the system will meet its standard specifications and any additional technical and performance criteria agreed with the customer, if any. A system is shipped, and revenue is recognized, only after all specifications are met and customer sign-off is received or waived. In case not all specifications are met and the remaining performance obligation is not essential to the functionality of the system but is substantive rather than inconsequential or perfunctory, a portion of the sales price is deferred. Although each system's performance is re-tested upon installation at the customer's site, ASML has never failed to successfully complete installation of a system at a customer’s premises.

The main portion of ASML’s revenue is derived from contractual arrangements with our customers that have multiple deliverables, which mainly include the sale of our systems, installation and training services and prepaid extended and enhanced (optic) warranty contracts. For each of the specified deliverables ASML determines the selling price by using either vendor specific objective evidence (‘VSOE’), third party evidence (‘TPE’) or by best estimate of the selling price (‘BESP’). When we are unable to establish relative selling price using VSOE or TPE, ASML uses BESP in its allocation of arrangement consideration. The total arrangement consideration is allocated at inception of the arrangement to all deliverables on the basis of their relative selling price. The revenue relating to the undelivered elements of the arrangements is deferred at their relative selling prices until delivery of these elements. Revenue from installation and training services is recognized when the services are completed. Revenue from prepaid extended and enhanced (optic) warranty contracts is recognized over the term of the contract.

Foreign currency risk management
Our sales are predominately denominated in euros. Exceptions may occur on a customer by customer basis. Our cost of sales and other expenses are mainly dominated in euros, to a certain extent in U.S. dollar and Japanese yen and to a limited extent in other currencies. Therefore, we are exposed to foreign currency exchange risk.

It is our policy to hedge material transaction exposures, such as forecasted sales and purchase transactions, and material net remeasurement exposures, such as accounts receivable and payable. We hedge these exposures through the use of foreign exchange contracts.

ASML – Reconciliation U.S. GAAP – IFRS [1,2]

Net income	Three months ended,		Nine months ended,	
	Sep 29, 2013	Sep 30, 2012	Sep 29, 2013	Sep 30, 2012
(in millions EUR)				
Net income based on U.S. GAAP	*193.1*	*274.7*	*510.1*	*848.6*
Development expenditures (see Note 1)	50.7	49.0	160.6	123.7
Share-based payments (see Note 2)	1.5	0.2	2.2	0.4
Income taxes (see Note 3)	2.8	(0.9)	(10.1)	2.0
Reversal of write-downs (see Note 4)	-	(0.4)	-	6.8
Net income based on IFRS	*248.1*	*322.6*	*662.8*	*981.5*

Shareholders' equity	Sep 29, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012
(in millions EUR)					
Shareholders' equity based on U.S. GAAP	*6,603.1*	*6,498.0*	*4,172.1*	*4,066.9*	*6,905.7*
Development expenditures (see Note 1)	555.7	507.3	456.1	396.8	356.6
Share-based payments (see Note 2)	27.9	27.1	4.2	4.1	4.1
Income taxes (see Note 3)	18.0	18.3	32.1	30.4	35.0
Reversal of write-downs (see Note 4)	-	-	-	-	14.0
Equity based on IFRS	*7,204.7*	*7,050.7*	*4,664.5*	*4,498.2*	*7,315.4*

Notes to the reconciliation from U.S. GAAP to IFRS

Note 1 Development expenditures
Under U.S. GAAP, ASML applies ASC 730, “Research and Development”. In accordance with ASC 730, ASML charges costs relating to research and development to operating expense as incurred.

Under IFRS, ASML applies IAS 38, “Intangible Assets”. In accordance with IAS 38, ASML capitalizes certain development expenditures that are amortized over the expected useful life of the related product generally ranging between one and three years. Amortization starts when the developed product is ready for volume production.

Note 2 Share-based Payments
Under U.S. GAAP, ASML applies ASC 718 “Compensation- Stock Compensation” which requires companies to recognize the cost of employee services received in exchange for awards of equity instruments based upon the grant-date fair value of those instruments. ASC 718’s general principle is that a deferred tax asset is established as we recognize compensation costs for commercial purposes for awards that are expected to result in a tax deduction under existing tax law. Under U.S. GAAP, the deferred tax recorded on share-based compensation is computed on the basis of the expense recognized in the financial statements. Therefore, changes in ASML’s share price do not affect the deferred tax asset recorded in our financial statements.

Under IFRS, ASML applies IFRS 2, “Share-based Payments”. In accordance with IFRS 2, ASML records as an expense the fair value of its share-based payments with respect to stock options and stock granted to its employees after November 7, 2002. Under IFRS, at period end a deferred tax asset is computed on the basis of the tax deduction for the share-based payments under the applicable tax law and is recognized to the extent it is probable that future taxable profit will be available against which these deductible temporary differences will be utilized. Therefore, changes in ASML’s share price do affect the deferred tax asset at period-end and result in adjustments to the deferred tax asset.

Note 3 Income taxes
Under U.S. GAAP, the elimination of unrealized net income from intercompany transactions that are eliminated from the carrying amount of assets in consolidation give rise to a temporary difference for which prepaid taxes must be recognized in consolidation. Contrary to IFRS, the prepaid taxes under U.S. GAAP are calculated based on the tax rate applicable in the seller’s rather than the purchaser’s tax jurisdiction.

Under IFRS, ASML applies IAS 12, “Income Taxes” beginning from January 1, 2005. In accordance with IAS 12 unrealized net income resulting from intercompany transactions that are eliminated from the carrying amount of assets in consolidation give rise to a temporary difference for which deferred taxes must be recognized in consolidation. The deferred taxes are calculated based on the tax rate applicable in the purchaser’s tax jurisdiction.

Note 4 Reversal of write-downs
Under U.S. GAAP, ASML applies ASC 330 “Inventory”. In accordance with ASC 330 reversal of a write-down is prohibited as a write-down creates a new cost basis.

Under IFRS, ASML applies IAS 2 (revised), “Inventories”. In accordance with IAS 2, reversal of a prior period write-down as a result of a subsequent increase in value of inventory should be recognized in the period in which the value increase occurs.

“Safe Harbor” Statement under the US Private Securities Litigation Reform Act of 1995: the matters discussed in this document may include forward-looking statements, including statements made about our outlook, expected sales levels, realization of systems backlog, IC unit demand, expected financial results, gross margin and expenses, expected impact and adjustments relating to the Cymer acquisition (including purchase price allocation adjustments), the number of EUV systems expected to be shipped and recognized in revenue and timing of shipments, dividend policy and intention to repurchase shares. These forward looking statements are subject to risks and uncertainties including, but not limited to: economic conditions, product demand and semiconductor equipment industry capacity, worldwide demand and manufacturing capacity utilization for semiconductors (the principal product of our customer base), including the impact of general economic conditions on consumer confidence and demand for our customers' products, competitive products and pricing, the impact of manufacturing efficiencies and capacity constraints, the continuing success of technology advances and the related pace of new product development and customer acceptance of new products, our ability to enforce patents and protect intellectual property rights, the risk of intellectual property litigation, availability of raw materials and critical manufacturing equipment, trade environment, changes in exchange rates, available cash, distributable reserves for dividend payments and share repurchases, our ability to successfully integrate Cymer and the amounts of adjustments ultimately recognized in connection with the Cymer acquisition, and other risks indicated in the risk factors included in ASML's Annual Report on Form 20-F and other filings with the US Securities and Exchange Commission.

[1] These financial statements are unaudited.

[2] Numbers have been rounded.

[3] The calculation of diluted net income per ordinary share assumes the exercise of options issued under ASML stock option plans and the issuance of shares under ASML share plans for periods in which exercises or issuances would have a dilutive effect. The calculation of diluted net income per ordinary share does not assume exercise of such options or issuance of shares when such exercises or issuance would be anti-dilutive.

[4] The repurchase of bond consists of EUR 417.4 million cash payments to the bond holders offset by cash received as a result of unwinding the relating interest rate swap for an amount of EUR 49.1 million.