

ASML HOLDING NV
Form 20-F
January 25, 2008

United States
Securities and Exchange Commission
Washington, D.C. 20549

Form 20-F

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934
for the fiscal year ended December 31, 2007**

Commission file number 025566

ASML HOLDING N.V.
(Exact Name of Registrant as Specified in Its Charter)

THE NETHERLANDS
(Jurisdiction of Incorporation or Organization)

**DE RUN 6501
5504 DR VELDHOVEN
THE NETHERLANDS**
(Address of Principal Executive Offices)

Securities registered or to be registered pursuant to
Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Ordinary Shares (nominal value EUR 0.09 per share)	The NASDAQ Stock Market LLC

Securities registered or to be registered pursuant to
Section 12(g) of the Act:
None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of
capital or common stock as of the close of the period covered by the annual report.

435,625,934 Ordinary Shares
(nominal value EUR 0.09 per share)

Indicate by check mark if the registrant is a well-known seasoned issuer,

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as defined in Rule 405 of the Securities Act.

Yes (ü) No ()

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes () No (ü)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes (ü) No ()

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer (ü) Accelerated filer () Non-accelerated filer ()

Indicate by check mark which financial statement item the registrant has elected to follow

Item 17 () Item 18 (ü)

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes () No (ü)

Name and address of person authorized to receive notices and communications from the Securities and Exchange Commission:

Richard A. Ely
Skadden, Arps, Slate, Meagher & Flom (UK) LLP
40 Bank Street, Canary Wharf
London E14 5DS England

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Part I

Special Note Regarding Forward-Looking Statements

In addition to historical information, this annual report on Form 20-F contains statements relating to our future business and/or results. These statements include certain projections and business trends that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. You can generally identify these statements by the use of words like may, will, could, should, project, believe, anticipate, expect, plan, forecast, potential, intend, continue and variations of these words or comparable words.

Forward-looking statements do not guarantee future performance and involve risks and uncertainties. Actual results may differ materially from projected results as a result of certain risks and uncertainties. These risks and uncertainties include, without limitation, those described under Item 3.D. Risk Factors and those detailed from time to time in our other filings with the United States Securities and Exchange Commission (the Commission or the SEC). These forward-looking statements are made only as of the date of this annual report on Form 20-F. We do not undertake to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

Presentation of Financial and Operational Information

On December 18, 2002, we announced our decision to divest our Thermal business, including related customer support activities, and the termination of our manufacturing activities in the Track business. As a result of this decision our selected financial data for the years ended December 31, 2003, 2004 and 2005 presented in this annual report on Form 20-F present these businesses as discontinued operations, instead of as a separate segment as they had been reported prior to the divestiture announcement.

Item 1 Identity of Directors, Senior Management and Advisors

Not applicable.

Item 2 Offer Statistics and Expected Timetable

Not applicable.

Item 3 Key Information

A. Selected Financial Data

The following selected consolidated financial data should be read in conjunction with Item 5 Operating and Financial Review and Prospects and Item 18 Financial Statements .

Five-Year Financial Summary

Year ended December 31 (in thousands, except per share data)	2003 EUR ¹	2004 EUR ¹	2005 EUR ¹	2006 EUR	2007 EUR
Consolidated statements of operations data					
Net sales	1,542,737	2,465,377	2,528,967	3,597,104	3,808,679
Cost of sales	1,173,955	1,559,738	1,554,772	2,135,086	2,248,335
Gross profit on sales	368,782	905,639	974,195	1,462,018	1,560,344
Research and development costs	305,839	352,920	347,901	413,708	510,503
Amortization of in-process research and development costs					23,148
Research and development credits	(19,119)	(21,961)	(24,027)	(27,141)	(24,362)
Selling, general and administrative costs	212,609	201,629	201,204	204,799	225,668
Restructuring and merger and acquisition costs (credits)	24,485	(5,862)			
Income (loss) from operations	(155,032)	378,913	449,117	870,652	825,387
Interest income (expense), net	(29,149)	(16,073)	(14,094)	(854)	33,451
Income (loss) from continuing operations before income taxes	(184,181)	362,840	435,023	869,798	858,838
(Provision for) benefit from income taxes	59,675	(127,380)	(123,559)	(245,109)	(170,995)
Income (loss) from continuing operations	(124,506)	235,460	311,464	624,689	687,843
Loss from discontinued operations before income taxes	(59,026)				
Benefit from income taxes	23,316				
Loss from discontinued operations	(35,710)				
Net income (loss)	(160,216)	235,460	311,464	624,689	687,843
Earnings per share data²					
Basic net income (loss) from continuing operations per ordinary share	(0.26)	0.49	0.64	1.32	1.49
Basic and diluted net loss from discontinued operations per ordinary share	(0.07)				
Basic net income (loss) per ordinary share	(0.33)	0.49	0.64	1.32	1.49

Diluted net income (loss) per ordinary share	(0.33)	0.49	0.64	1.27	1.44
Number of ordinary shares used in computing per share amounts (in thousands)					
Basic	482,240	483,380	484,103	474,860	462,406
Diluted	482,240	484,661	542,979	503,983	485,643

- 1 The selected consolidated data for 2003, 2004 and 2005 reflect the effects of our decision in December 2002 to discontinue our Track business and divest our Thermal business which we substantially divested in October 2003.
- 2 The calculation of the number of ordinary shares used in computing diluted net income per ordinary share (i) in 2003 and 2004 does not assume conversion of ASML's outstanding Convertible Subordinated Notes and (ii) in 2003 does not assume the exercise of options issued under ASML's stock option plans, as such conversions and exercises would have an anti-dilutive effect.

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As of December 31 (in thousands)	2003 EUR	2004 EUR	2005 EUR	2006 EUR	2007 EUR
Consolidated balance sheets data					
Cash and cash equivalents	1,027,806	1,228,130	1,904,609	1,655,857	1,271,636
Working capital ³	1,463,308	1,868,871	1,785,836	2,244,625	2,014,601
Total assets	2,868,282	3,243,766	3,756,023	3,951,035	4,067,752
Long-term liabilities	1,040,556	1,039,023	624,203	613,167	855,367
Total shareholders' equity	1,141,207	1,391,602	1,711,837	2,156,455	1,907,617
Capital stock	9,651	9,675	9,694	10,051	39,206
Consolidated statements of cash flows data					
Purchases of property, plant and equipment	(48,567)	(74,979)	(72,660)	(70,619)	(179,152)
Depreciation, amortization and impairment	156,900	93,144	98,881	104,446	135,366
Net cash provided by continuing operating activities	532,659	257,147	713,511	477,507	670,295
Net cash provided by (used in) discontinued operating activities	12,736	(5,880)	(2,018)		
Net cash provided by total operating activities	545,395	251,267	711,493	477,507	