

**ASM INTERNATIONAL N.V.**

**NOTICE OF 2008 ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**MAY 21, 2008**

TO OUR SHAREHOLDERS:

You are cordially invited to attend the 2008 Annual General Meeting of Shareholders of ASM International N.V., a Netherlands public limited liability company, on Wednesday, May 21, 2008, at 2:00 p.m. CET, at the Hotel Hilton Royal Parc, Nassau Paviljoen, Van Weerden Poelmanweg 4-6, Soestduinen, the Netherlands, for the following purposes:

1. Opening remarks and announcements.
2. Management Board's report on fiscal year 2007.
3. To adopt our financial statements, including the balance sheet, the statement of operations and the notes thereto, for the fiscal year ended December 31, 2007.
4. To appoint an independent certified accountant of the Company for the fiscal year ending December 31, 2008.
5. Management Board's presentation: Roadmap to peer group profitability.
6. To vote on shareholder proposals for dismissal of the current Supervisory Board, appointment of members of the Supervisory Board, dismissal of a member of the Management Board, and appointment of a member of the Management Board.
7. To vote on the Company's proposals for appointment of members of the Supervisory Board.
8. To grant discharge of liability to the members of the Management Board for their management.
9. To grant discharge of liability to the members of the Supervisory Board for their supervision.
10. To authorize the Management Board for a period of 18 months commencing on the date of this Annual General Meeting to repurchase our capital shares.
11. To authorize the Management Board for a period of 18 months commencing on the date of this Annual General Meeting to:
  - a. issue common shares and grant rights to acquire common shares to the extent this is required in connection with the Company's existing Stock Option Plan; and
  - b. deviate from preemptive rights of common shareholders at the issuance of common shares in connection with the existing Stock Option Plan.
12. To elect Arthur H. del Prado as Honorary Chairman of the Company.

13. To transact such other business as may properly come before the Annual General Meeting.
14. Closure.

These items are more fully described in the following pages, which are made part of this notice.

All shareholders of record on May 14, 2008 are entitled to vote at the Annual General Meeting, provided that the notice and/or any other applicable documentation as set forth below has been timely received by us. As of March 31, 2008, we had 54,005,214 common shares, par value € 0.04 per share, and no preferred shares or financing preferred shares outstanding. Each common share, except for shares owned by us, entitles the holder to one vote on all matters. Shares held by us may not be voted.

All shareholders are cordially invited to attend the meeting in person or by proxy. If you plan to attend the meeting and to vote in person, we must receive a written notice from you of your intention to attend and vote in person, delivered to Citibank Shareholder Services, P.O. Box 43099, Providence, RI 02940-5000 prior to 9:00 a.m. EDT, on May 14, 2008. Additionally, if your shares are owned by more than one person in a joint ownership, the joint owners must designate in writing one person to vote the shares.

**There will be no blocking of shares with regard to the matters to be voted on at the meeting.**

On behalf of the Management Board,

/s/ Charles D. (Chuck) del Prado

Bilthoven, the Netherlands  
April 22, 2008

Charles D. (Chuck) del Prado  
President and Chief Executive Officer

**WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL GENERAL MEETING, YOU ARE REQUESTED TO COMPLETE, SIGN, DATE AND MAIL THE ENCLOSED PROXY, WHICH IS SOLICITED BY AND ON BEHALF OF THE MANAGEMENT BOARD, SO THAT YOUR SHARES MAY BE REPRESENTED AT THE MEETING. A POSTAGE-PAID ENVELOPE IS PROVIDED FOR MAILING IN THE UNITED STATES. THE GIVING OF SUCH PROXY WILL NOT AFFECT YOUR RIGHTS TO REVOKE SUCH PROXY OR TO VOTE IN PERSON SHOULD YOU LATER DECIDE TO ATTEND THIS MEETING.**

**ASM INTERNATIONAL N.V.**

**Jan van Eycklaan 10  
3723 BC Bilthoven  
The Netherlands**

**PROXY STATEMENT**

**2008 ANNUAL GENERAL MEETING OF SHAREHOLDERS  
May 21, 2008**

Your vote is very important. For this reason, the Management Board is requesting that you allow your common stock to be represented at the Annual General Meeting by the persons named as proxies on the enclosed proxy card. This proxy statement is being sent to you in connection with this request and has been prepared by the Management Board. The terms “we,” “our,” “us,” the “Company” and “ASMI” refer to ASM International N.V. This proxy statement is first being sent to our shareholders on or about April 22, 2008.

**GENERAL INFORMATION**

*Who can vote?*

You are entitled to vote your common stock held in registered form if our records show that you hold your shares as of the close of business on May 14, 2008 (the “Record Date”). On March 31, 2008, 54,005,214 shares of common stock were outstanding and entitled to vote. Each share of common stock has one vote. The enclosed proxy card shows the number of shares that you are entitled to vote as of March 28, 2008, which is the date used for determining the holders of our New York Registry Shares for the purpose of mailing proxy materials, assuming you hold those shares as of the Record Date. If you become a record holder between the mailing record date of March 28, 2008 and the Record Date, you can vote at the meeting by contacting Citibank, N.A. at 1-877-248-4237 prior to 9:00 a.m. EDT, on May 14, 2008.

*Will the shares be blocked for the meeting?*

No. There will be no blocking of shares with regard to the matters to be voted on at the meeting.

*How do I vote?*

If your common stock is held by a broker, bank or other nominee (i.e., in street name), you will receive instructions from it that you must follow in order to have your shares voted. If you hold your shares in your own name as a holder of record, you may vote your shares in person or by proxy. To vote by mail you may instruct the persons named as proxies how to vote your common stock by signing, dating and mailing the proxy card in the envelope provided. Of course, you can always come to the meeting and vote your shares in person, provided that we receive a written notice from you of your intention to attend and vote in person, delivered to Citibank Shareholder Services, P.O. Box 43099, Providence, RI 02940-5000 prior to 9:00 a.m. EDT, on May 14, 2008.

*How may I revoke my proxy instructions?*

You may revoke your proxy instructions by any of the following procedures:

1. Send us another signed proxy with a later date;

2. Send a letter to Citibank Shareholder Services, P.O. Box 43099, Providence, RI 02940-5000, revoking your proxy before your common stock has been voted by the persons named as proxies at the meeting; or
3. Attend the Annual General Meeting, after providing the notice described above, and vote your shares in person.

*How will the proxies be voted?*

Proxies in the accompanying form are solicited on behalf, and at the direction, of the Management Board. All shares represented by properly executed proxies, unless such proxies have previously been revoked, will be voted in accordance with the directions on the proxies. To the extent no directions are indicated, the shares will be voted in favor of the proposals in Agenda Items 3, 4, 7(a), 7(b), 8, 9, 10, 11(a), 11(b), and 12 and against the proposals in Agenda Items 6(a)1, 6(a)2, 6(a)3, 6(a)4, 6(a)5, 6(b)1, 6(b)2, 6(b)3, 6(c), and 6(d).

To the extent that voting occurs on a matter presented at the meeting that was unknown to the Company at the time that this notice and proxy statement was mailed, the Management Board will vote the shares as it determines is in the best interests of the Company.

A “broker non-vote” occurs when a broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker or other nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. Because only affirmative and negative votes are counted for purposes of determining whether a proposal is adopted (see “What vote is required?” below), a broker non-vote will have no effect on how the votes are counted.

*May I attend the annual meeting?*

If you are a holder of record as of the Record Date, you may attend the annual meeting. If you plan to attend the annual meeting, you must provide written notice of such intention to us at Citibank Shareholder Services, P.O. Box 43099, Providence, RI 02940-5000 prior to 9:00 a.m. EDT, on May 14, 2008. If you are a beneficial owner of common stock held by a broker or bank, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from a broker or bank showing your current ownership and ownership of our shares on the Record Date are examples of proof of ownership. If you want to vote in person your common stock held in street name, you will have to get a proxy in your name from the registered holder.

The meeting will be conducted primarily in Dutch, but some portions will be conducted in English. Real time translation will be available at the meeting for both Dutch and English speakers.

*What vote is required?*

The Agenda Item proposals requiring shareholder action, other than the proposals in Agenda Items 6 and 11(b), will be adopted if the number of affirmative votes exceeds the number of negative votes cast by holders of the outstanding shares present or represented at the meeting and entitled to vote. Abstentions and broker non-votes are not considered cast for this purpose and accordingly have no effect.

The proposals in Agenda Item 6 will be adopted if the number of affirmative

votes cast represents the absolute majority of the Company's issued capital.

The proposal in Agenda Item 11(b) will be adopted if the number of affirmative votes cast represents at least two thirds of the votes cast, if less than half of the Company's issued capital is represented at the meeting. If at least half of the Company's issued capital is represented at the meeting, the proposal in Agenda Item 11(b) will be adopted if the number of affirmative votes exceeds the number of negative votes cast by holders of the outstanding shares present or represented at the meeting and entitled to vote.

*Who pays the cost of this proxy solicitation?*

We have engaged Georgeson to assist us in soliciting proxies. We will pay the cost of this proxy solicitation, including the fees and costs of our proxy solicitor. We estimate the fees and costs of our proxy solicitor to be approximately €100,000. In addition, we will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy material to their principals and obtaining their proxies. We will solicit proxies by mail, except for any personal solicitation made by Georgeson as referenced above, or made by our directors, officers and employees, for which they will not be paid.

*Who should I call if I have questions?*

If you have questions about the annual meeting or voting, please contact Lies Rijnveld, Assistant to the CFO, by telephone at +31 30 229 85 06, or by email at [lies.rijnveld@asm.com](mailto:lies.rijnveld@asm.com), or our proxy solicitor, Georgeson, Kirsten van Rooijen, by telephone at (866) 201-4445 (U.S.) or +00 800 6612 6612 (Europe), or by email at [kirsten.rooijen@georgeson.com](mailto:kirsten.rooijen@georgeson.com).

**AGENDA ITEM NO. 1  
OPENING/ANNOUNCEMENTS**

The meeting will be convened and called to order with general announcements regarding the format and conduct of the meeting.

*No shareholder action is required for this Agenda Item No. 1.*

**AGENDA ITEM NO. 2  
MANAGEMENT BOARD'S REPORT ON FINANCIAL YEAR 2007**

The Management Board will report on the business and results of operations for the year ended December 31, 2007.

*No shareholder action is required for this Agenda Item No. 2.*

**AGENDA ITEM NO. 3  
ADOPTION OF THE FINANCIAL STATEMENTS FOR  
THE FISCAL YEAR ENDED DECEMBER 31, 2007**

Our 2007 Annual Report on Form 20-F was filed with the Securities and Exchange Commission on April 1, 2008. Among other matters, the Annual Report sets forth our balance sheet and statement of operations and notes thereto for the fiscal year ended December 31, 2007, all of which have been audited and certified by our independent public accountants, Deloitte Accountants B.V. We also prepare statutory financial statements required by the laws of the Netherlands. These statutory financial statements are identical to those contained in the Annual Report, except for certain differences in format and presentation and except for the items explained in Annex A attached hereto, which are required by applicable Dutch law. Copies of these statutory financial statements are available for inspection by the shareholders at our office at Jan van Eycklaan 10 in Bilthoven and at the ABN AMRO Bank N.V., Foppingadreef 22 in Amsterdam and are available to shareholders free of charge on request through the ABN AMRO Service Desk (telephone number (+31) (0)76 5799455), at the 2008 Annual General Meeting and on our website at [www.asm.com](http://www.asm.com).

The Management Board, with the approval of the Supervisory Board, has decided that, to the extent profits in respect of the year 2007 have not been paid to the shareholders through the payment of the interim dividend in August 2007, the 2007 profits will be added to the reserves.

The Supervisory Board and Management Board unanimously recommend that shareholders vote **FOR** the adoption of the financial statements including the balance sheet and the statement of operations and the notes thereto for the fiscal year ended December 31, 2007 in the form of the statutory financial statements referred to above.

*Shareholder action is requested regarding the proposal in Agenda Item No. 3.*

**AGENDA ITEM NO. 4  
APPOINTMENT OF DELOITTE ACCOUNTANTS B.V.  
AS INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT**

The Supervisory Board, so advised by its Audit Committee, and the Management Board unanimously recommend that Deloitte Accountants B.V., independent certified public accountant, be appointed by the shareholders to audit our financial statements for the fiscal year ending December 31, 2008. Deloitte Accountants B.V. has audited our financial statements annually since 1969. A representative of Deloitte Accountants B.V. will be present at the Annual General Meeting.

The Supervisory Board and the Management Board unanimously recommend that the shareholders vote **FOR** the appointment of Deloitte Accountants B.V. as our independent certified public accountant for the fiscal year ending December 31, 2008.

*Shareholder action is requested regarding the proposal in Agenda Item No. 4.*

**AGENDA ITEM NO. 5**  
**MANAGEMENT BOARD PRESENTATION: ROADMAP TO PEER GROUP**  
**PROFITABILITY**

Management will present its “Roadmap for peer margin profitability in 2009,” which is the next step of management’s previously announced strategic plan for front-end operations.

Our strategic objective is to realize profitable, sustainable growth in our front-end operations by capitalizing on our innovative technology, manufacturing infrastructure, and the strategic location of sales and support offices in close proximity to our global customers, while maintaining the market leadership and financial strength of our back-end operation.

Our foremost front-end strengths are our process technologies – epitaxy, LPCVD, thermal processes, PECVD, and ALCVD - and our single wafer and batch capabilities. We are committed to expanding our lead in advanced technologies by focusing on high growth markets such as atomic layer deposition, strain engineering, low-k and high-k dielectrics.

Our back-end operation, represented by our 53.1% ownership in ASM Pacific Technology Ltd. (“ASMPT”), is the world leader in the assembly and packaging market. The foundation of ASMPT’s success is its unique business model: a vertically-integrated manufacturing base established in low-cost manufacturing centers in China and Southeast Asia, and its multiple product lines that serve diverse applications markets. ASMPT’s market leadership and resilience to industry cycles is evidenced in its outstanding financials and consistent annual returns to shareholders.

Our front-end operations were both technologically and financially crippled by the lengthy patent litigation with Applied Materials in the 1990s. After the 1998 settlement with Applied Materials, we elected to utilize cash dividends from ASMPT to support the rebuilding of our front-end product portfolio and infrastructure in order to ensure the long-term viability of our front-end operations. From 2000 to 2005, we focused on accelerating R&D programs to create a new portfolio of leading-edge technologies addressing 300mm wafers and technology nodes of 60nm, 45nm and below. Over the past two years, we have begun to realize initial returns from the sizeable investments in repositioning front-end. Our use of ASMPT dividends to rebuild our front-end operations has resulted in a strong wafer processing equipment business which serves as the foundation for our future growth. From 2007 to at least 2009 we are committed to using the

ASMPT dividends to create further shareholder value primarily through dividends and repurchases of shares and convertible debt.

ASMPT has played an important role in front-end's manufacturing initiative begun in 2004, Front-end Manufacturing in Singapore (FEMS). This program is designed to lower manufacturing costs, reduce currency exposure, and increase operational flexibility in front-end operations. Drawing upon the management expertise and personnel of ASMPT, front-end was able to move quickly on all aspects of the FEMS program, including the construction of a strong supply chain that enabled front-end to realize gross margin improvement of 3.5% from its FEMS operation over the two-year period of 2006 and 2007 when compared with the base year 2005. We expect additional opportunities for margin improvement with the transfer of additional generic subassemblies to FEMS and from tapping back-end's extensive resources in product manufacturing design.

We also see increasing opportunities for front-end and back-end to work together as the industry moves toward three-dimensional technology, an evolution in transistor and package design that will require an unprecedented convergence of wafer processing and assembly and packaging processes.

Over the past two years, we have delivered on both our short- and long-term strategic objectives that we outlined in 2006. After rebuilding our front-end product portfolio from 2000 to 2005, to address the transition to 300mm wafer size, and technology nodes of 60nm, to 45nm and below, we delivered on our commitments to reach EBIT profitability in 2006, and net profitability in 2007. In 2007, the front-end business reported a net income of €7.7 million, excluding the expense resulting from the early extinguishment of convertible debt of €10.0 million. Front-end gross margins increased from 25.1% in 2005, to 32.2% in 2007.

The rebuilding of front-end operations was achieved by:

- transferring certain outsourced manufacturing to in-house production in Asia;
- streamlining our product line and consolidating system platforms;
- bringing new product lines to maturity;
- intensifying our sales efforts in prime Asian markets;
- extending our intellectual property licensing program; and
- focusing on the reduction of operating costs.

We recognize that additional operational improvements are necessary in order to raise our operating margins to peer company levels. As part of the next step of our strategic plan, we will publish our "Roadmap for peer margin profitability in 2009," prior to the 2008 Annual General Meeting of Shareholders.

*No shareholder action is required for this Agenda Item No. 5.*

## **AGENDA ITEM NO. 6**

## COMPOSITION OF THE BOARDS (SHAREHOLDER PROPOSALS)

This item has been included on the agenda at the request of Hermes Euro Focus Fund I, Hermes Euro Focus Fund II and Hermes Euro Focus Fund III (“Hermes”), pursuant to Article 25.3 of our Articles of Association and Article 2:114a of the Dutch Civil Code.

Hermes is an institutional shareholder which has expressed its dissatisfaction with our current Supervisory Board and our CEO, Charles (Chuck) D. del Prado. By this proposal, Hermes seeks to:

- remove all the members of our Supervisory Board whose terms are not expiring at the annual general meeting;
- appoint three nominees selected by Hermes to the Supervisory Board;
- remove our CEO, Mr. C. D. del Prado; and
- appoint a nominee to our Management Board, with the expectation that this nominee will be appointed by their newly proposed Supervisory Board as the Chairman of the Management Board.

Since 2006, we have been interacting with various activist shareholders, notably Hermes and Fursa Alternative Strategies LLC. We share their frustration at the low valuation attributed by the markets to our front-end business. In our discussions with the Hermes/Fursa group, we have found common ground in a number of key areas relating to our operations. In many of these areas, we already have plans in place or are implementing plans, all of which are designed to improve the profitability of our front-end business. The efficacy of these efforts is demonstrated by our success in achieving our 2006 and 2007 front-end profitability commitments, in connection with which our front-end operating profits improved approximately €50 million since fiscal year 2005. Our next objective as announced in 2006 is to achieve peer group operating margins by 2009 for our front-end business. As previously announced, we intend to present our roadmap to peer group operating margins before the AGM in May 2008. Our current management team, under the leadership of our new CEO as of March 1, 2008, Mr. Charles (Chuck) D. del Prado, is very focused on successfully executing our roadmap to peer group operating margins and on improving the valuation attributed to our front-end business.

We believe that our achievement of the operating and other goals discussed in Agenda Item No. 5 above is the result of the high level of commitment, experience and skill of our management team and their familiarity with our business and products, and that the continuity of this management team is vital to our ability to execute our strategic plan and increase the long-term value of ASMI. As further discussed below, we believe that the replacement of our Supervisory Board and CEO with the persons nominated by Hermes, as proposed in this Agenda Item No. 6, would be very risky, disruptive and harmful for our plan to improve profitability and increase shareholder value, and therefore is not in the best interests of our shareholders. Accordingly, the Supervisory Board and Management Board unanimously recommend that the shareholders vote **AGAINST** all of the proposals in this Agenda Item No. 6.

**Proposal Nos. 6(a)1, 6(a)2, 6(a)3, 6(a)4, and 6(a)5. Dismissal of Mr. Paul C. van den Hoek, Mr. Eric A. van Amerongen, Mr. Leon P.E.M. van den Boom, Mr. Berend C. Brix, and Mr. Heinrich W. Kreutzer as members of the Supervisory Board.**

Hermes proposes, on the basis of article 2:114a Dutch Civil Code, that, in accordance with Article 22.6 of the Company's Articles of Association, the General Meeting of Shareholders dismiss all members of the Supervisory Board, except for Dr. Danneels whose term ends at this Annual General Meeting.

- 6(a)1 Dismissal of Mr. Paul C. van den Hoek as member of the Supervisory Board.
- 6(a)2 Dismissal of Mr. Eric A. van Amerongen as member of the Supervisory Board.
- 6(a)3 Dismissal of Mr. Leon P.E.M. van den Boom as member of the Supervisory Board.
- 6(a)4 Dismissal of Mr. Berend C. Brix as member of the Supervisory Board.
- 6(a)5 Dismissal of Mr. Heinrich W. Kreutzer as member of the Supervisory Board.

The Supervisory Board and Management Board unanimously recommend a vote **AGAINST** dismissal of Mr. Paul C. van den Hoek, Mr. Eric A. van Amerongen, Mr. Leon P.E.M. van den Boom, Mr. Berend C. Brix and Mr. Heinrich W. Kreutzer as members of the Supervisory Board. With regard to Mr. Berend C. Brix, Mr. Brix informed the Supervisory Board that he does not intend to seek re-election to the Supervisory Board at the Annual General Meeting of Shareholders on May 21, 2008.

*Shareholder action is requested regarding the proposals in Agenda Item Nos. 6(a)1, 6(a)2, 6(a)3, 6(a)4, and 6(a)5.*

**Proposal No. 6(b)1. Appointment of Dr. David N.K. Wang as a member of the Supervisory Board.**

Hermes nominates the appointment of Dr. David N.K. Wang as a member of the Supervisory Board. The following biographical information was provided to the Company by Hermes. Dr. Wang, age 61, is currently the Chairman of the board of Ether Optronics Inc. He is also an advisor to the Great China Innovation and Entrepreneurship project of Stanford University in the United States. He was a member of the board of directors of SEMI and Chairman of its China Regional Advisory Board. Dr. Wang was the CEO of Huahong Group between September 2005 and June 2007. Before joining Huahong Group, Dr. Wang was the Executive Vice President of Applied Materials, responsible for the business strategy, planning and execution throughout Asia.

According to information provided by Hermes, Dr. Wang currently holds no shares in the Company, and except for his position as Chairman of the board of Ether Optronics Inc., he is currently not engaged as a supervisory board member of any other legal entities.

The Supervisory Board and Management Board unanimously recommend a vote **AGAINST** appointment of Dr. David N.K. Wang as a member of the Supervisory Board.

*Shareholder action is requested regarding the proposal in Agenda Item No. 6(b)1.*

**Proposal No. 6(b)2. Appointment of Mr. Nicholas Miller as a member of the Supervisory Board.**

Hermes nominates the appointment of Mr. Nicholas Miller as a member of the Supervisory Board. The following biographical information was provided to the Company by Hermes. Mr. Miller, age 63, is an industry consultant. He has a diplôme in fluid dynamics from Institut von Karman de Dynamique des Fluides in Belgium. He began his career in 1965 developing early chemical Vapor deposition (CVD) processes and equipment at Bendix Corp. He has held various management positions including Group Vice President at Applied Materials where he was president of Transistor and Capacitor Business Group. He was also President of Thermco Systems (furnace systems), and President of Anicon, Inc. (CVD Systems).

According to information provided by Hermes, Mr. Miller currently holds no shares in the Company and he is currently not engaged as a supervisory board member of any legal entities.

The Supervisory Board and Management Board unanimously recommend a vote **AGAINST** appointment of Mr. Nicholas Miller as a member of the Supervisory Board.

*Shareholder action is requested regarding the proposal in Agenda Item No. 6(b)2.*

**Proposal No. 6(b)3. Appointment of Mr. Seitaro Ishii as a member of the Supervisory Board.**

Hermes nominates the appointment of Mr. Seitaro Ishii as a member of the Supervisory Board. The following biographical information was provided to the Company by Hermes. Mr. Ishii, age 61, is a Certified Public Accountant from the state of New York (USA) and currently CEO of newly established IIOSS K.K. a Japanese management consulting company specializing in organizational transformation. Mr. Ishii has held various management positions at Applied Materials. Prior to that, Mr. Ishii held various management positions (1980 - 1996) at Applied Materials Japan. Mr. Ishii was also a member of the advisory committee at Japan Development Bank (1996-1997), a board member at Hakone Foundation (2005-2006) and Chairman of the Board at Hokubei News Paper (2004-2006).

According to information provided by Hermes, Mr. Ishii currently holds no shares in the Company and he is currently not engaged as a supervisory board member of any legal entities.

The Supervisory Board and Management Board unanimously recommend a vote **AGAINST** appointment of Mr. Seitaro Ishii as a member of the Supervisory Board.

*Shareholder action is requested regarding the proposal in Agenda Item No. 6(b)3.*

**Proposal No. 6(c). Dismissal of Mr. Charles D. (Chuck) del Prado as a member of the Management Board.**

Hermes proposes to dismiss Mr. Charles D. (Chuck) del Prado as a member of the Management Board in accordance with Article 18.4 of the Articles of Association.

The Supervisory Board and Management Board unanimously recommend a vote **AGAINST** dismissal of Mr. Charles D. (Chuck) del Prado as a member of the Management Board.

*Shareholder action is requested regarding the proposal in Agenda Item No. 6(c).*

**Proposal No. 6(d). Appointment of Mr. Farhad Moghadam as a member of the Management Board.**

Hermes nominates the appointment of Mr. Farhad Moghadam as a member of the Management Board. We understand that it is the intention of Hermes that Mr. Moghadam would replace Mr. Charles D. (Chuck) del Prado as our Chief Executive Officer. The following biographical information was provided to the Company by Hermes.

Mr. Moghadam, age 54, has more than 11 years experience at Applied Materials as Senior Vice President responsible for Thin Film Business Group, and as General Manager Foundation Engineering Group, 2004 – 2007. Prior to his tenure at Applied Materials, Mr. Moghadam served at Intel as Director of Process, Modules, Development.

Mr. Moghadam holds a Ph.D. in Materials Science and Engineering from Stanford University.

The Supervisory Board and Management Board unanimously recommend a vote **AGAINST** appointment of Mr. Farhad Moghadam as a member of the Management Board.

*Shareholder action is requested regarding the proposal in Agenda Item No. 6(d).*

**ASMI Discussion of Hermes' Proposal**

*Hermes Demand for New Management*

Hermes has asserted that it believes that our shares are undervalued by the market and Hermes has dismissed the achievement of our stated financial goals for 2006 and 2007 as inadequate progress toward our stated long-term goals. Hermes proposes to address these concerns by replacing all members of our Supervisory Board and our CEO with individuals selected by Hermes in order to pursue a business plan presented to our Management Board in January 2008 and disclosed in large part in a Schedule 13D filing by Fursa Alternative Strategies LLC on February 26, 2008. As we have previously stated, certain elements of this business plan designed to reduce costs and increase revenues are sensible and were initiatives already being implemented by our management. Other elements are inappropriate for our business at this time because they are impractical, based on flawed assumptions, too risky, insufficiently likely to yield the desired results or for other reasons have been determined by our management and supervisory boards to not be in the best interests of ASMI and all of our shareholders. In addition, although not specifically stated by Hermes, we believe that a key element of the Hermes and Fursa plan is to separate our front-end and back-end operations into separate operating companies in an attempt to realize a short-term gain. This has been the primary element of Fursa's proposals over the past two years and we believe is a key area of focus by Hermes as well. As we have stated repeatedly and discussed below, we believe that the separation of our front-end operations from our back-end operations undermines one of the Company's fundamental strengths, and is not in the long-term best interests of our shareholders.

Furthermore, on May 22, 2007, the date of last year's Annual General Meeting, we announced that Mr. Charles D. (Chuck) del Prado had been appointed our Chief Executive Officer. Although we disclosed that the appointment was not effective until March 1, 2008, we

heard no objection from Hermes regarding this plan of succession until March 21, 2008, when we received Hermes' proposals described herein. Although we believe that Hermes had ample opportunity to express its opinion prior to Mr. del Prado's taking office, its proposal to remove Mr. del Prado as our CEO now is presented at a critical time when we are finalizing and planning the implementation of the latest steps in our strategic plan under his leadership.

Given Mr. del Prado's 20 years of experience in the computer and semiconductor industry, his significant contributions to the Company, including as a member of the Management Board since May 2006, and his key role in the development and planned implementation of our roadmap to peer group profitability, we believe that his removal as a member of the Management Board and as our new CEO would be highly disruptive and would dramatically reduce our ability to successfully implement the next phase of our strategic plan. This would inhibit our long term growth prospects and therefore we believe it is not in the best interest of shareholders.

Finally, in recognition of the value of increased industry expertise on our Supervisory Board, the Supervisory Board recruited and has nominated below Dr. Schumacher for appointment to our Supervisory Board in replacement of the retiring Mr. Brix. This follows the 2006 appointment of Mr. Kreutzer for the same reason. If Dr. Schumacher is appointed and Dr. Danneels is reappointed by the 2008 Annual General Meeting of Shareholders, our Supervisory Board will include three members with substantial industry expertise: Drs. Danneels and Schumacher and Mr. Kreutzer.

#### *Flaws in Hermes' Position*

Hermes asserts in support of its proposal to replace our Supervisory Board members and CEO that our fiscal year 2007 results do not show real progress toward peer-level profitability. This is not an accurate assessment in our view. We previously committed to positive net earnings for our front-end operations and we are targeting peer group operating profitability levels in 2009. We have delivered on our targets for front-end earnings with positive EBITDA in 2006 and positive net earnings in 2007. In addition, our EBIT margin for front-end improved favorably in comparison to our peers during 2006 and 2007.

Hermes also fails to acknowledge the steps we have taken and the accelerated progress we have made towards achieving sustainable front-end growth. We are intensely focused on near term profitability goals but we are also determined to continue the momentum for long-term growth. In particular:

- *Leading technologies that are expanding our addressable market.* We continue to expand our lead in advanced technologies, creating new markets and expanding our addressable market. We lead the industry in the adoption of atomic layer deposition (ALD), a breakthrough technology for device dimensions of 45nm and below technology nodes. We are the first in the industry to enter high volume production with our systems for the production of hafnium-based high-k dielectrics with ALD for 45nm and below.
- *Adding customer value with new applications and platform refinements.* We have refined our product line and consolidated system platforms to bring added value to our customers and to the Company. We have added new applications and processes to our core product lines that enable us to address new markets with existing equipment architecture.
- *Expanding and diversifying our customer base.* We have expanded and diversified our customer base by market and geography. We have made substantial inroads in the

memory market in Taiwan and Korea in the past two years, while maintaining a strong position in the logic sector.

- *Transistor Product Line Profitability ahead of schedule.* We are focused on bringing our newer products to maturity as rapidly as possible. In the past two years, we have significantly reduced the losses associated with products in development, through the 2006 termination of our loss-making copper metallization operation and heightened emphasis on reducing time-to-market for our new technologies. Our Transistor Products line reached profitability in 2007 ahead of projection.
- *Leveraging strengths in IP.* We are leveraging our existing technologies through IP licensing programs to both enhance the return on our technology investments and to accelerate the industry acceptance of new technologies.
- *Manufacturing efficiencies in Asia.* We moved forward with our program for Asian-centric manufacturing in order to lower manufacturing costs, reduce currency exposure and increase operating flexibility. We have made substantial progress in consolidating generic parts and subsystem manufacturing at our front-end manufacturing campus in Singapore (FEMS).
- *Strengthening our financial position.* We are committed to our program for increasing shareholder value by using dividends from back-end to buy back convertible debt, repurchase common shares, and pay a cash dividend. In the process, we have strengthened the Company's balance sheet. Our improved financial position has garnered an upgrade in ASMI's rating with Standard & Poor's from B+ to BB-.

#### *Splitting Front-End and Back-End into Separate Operations is Not in ASMI's Best Interests*

As we have stated previously, including in connection with Fursa's prior unsuccessful proposal to the general meeting in 2006, we strongly believe that it is not in the long-term best interests of our shareholders to split our front-end operations from our back-end operations. We believe such a strategy seeks to exploit current market and other circumstances for possible short-term gain at the expense of greater long-term value opportunities. As such, it is contrary to the best interest of all shareholders and all other ASMI stakeholders. Furthermore, we believe that the concept represents a critical and fundamental misunderstanding of our long-term growth potential and unique competitive position in our industry. In particular, we believe that:

- our back-end operations provide important proprietary manufacturing and design expertise to our front-end to assist in reaching our goal of consistent profitability for front-end;
- our back-end operations provide important knowledge and understanding of its regional markets to support our front-end expansion in Southeast Asia;
- the development and implementation of a plan to dispose of our back-end operations would distract management from its principal task of achieving consistent front-end profitability and could endanger the viability and integrity of front-end; and
- the combination of front-end and back-end operations is an increasingly valuable competitive advantage.

We believe that the most effective approach to address the market's undervaluation of our front-end operations is to focus on improving front-end operating results.

### *Conclusion*

For these reasons, we very strongly believe that current management is in the best position to evaluate and implement the optimal course of action to maximize the long-term value of our front-end and back-end businesses. We have a strong portfolio of advanced-technology products and processes firmly established, and our management, under the stewardship of our new CEO, Charles (Chuck) D. del Prado, is intensely focused on execution and front-end margin improvement. Furthermore, we believe that material elements of the business plan advanced by the Fursa/Hermes group are not achievable and will not yield their forecasted results.

Accordingly, we believe that the replacement of our Supervisory Board and CEO with the persons nominated by Hermes would be disruptive and harmful to our plan to improve profitability and increase shareholder value and is not in the best interests of all of our shareholders. We strongly recommend that you vote **AGAINST** proposals 6(a)1 through 6(d).

## **AGENDA ITEM NO. 7 COMPOSITION OF THE SUPERVISORY BOARD (COMPANY PROPOSALS)**

### **Proposal No. 7(a). Appointment of Dr. U. Schumacher as a member of the Supervisory Board for a four-year period ending on the date of the Annual General Meeting in 2012.**

A proposal will be made to appoint Dr. U. Schumacher as a member of the Supervisory Board for a four-year period expiring at the Annual General Meeting in 2012. We know of no reason why Dr. Schumacher would not be able to serve. However, if he is unable or declines to serve as a member of the Supervisory Board, or if a vacancy occurs before the election (which events are not anticipated), the proxy holders will vote for the election of such other person as may be nominated by the Supervisory Board.

Dr. Schumacher, age 50, is the CEO and President of Grace Semiconductor Manufacturing Corporation in Shanghai. His previous appointments include serving as President and Chief Executive of Infineon Technologies AG, a leading technology group. Prior to that, Dr. Schumacher held various management positions at the Semiconductor Group of Siemens AG (1988 - 1999). Dr. Schumacher was born in 1958 in Bergisch Gladbach, Germany. He studied Electrical Engineering and Business Administration at the University of Aachen, Germany, and was awarded a Doctorate of Engineering. In 1986, he joined the Semiconductor Group of Siemens AG in Munich, Germany, where he held several management positions in manufacturing, engineering and marketing. In 1988, he became Assistant to the CEO and drove Strategic Planning and Alliances. In 1991, he became General Manager of Memory, Chipcard IC and Multimedia Products. In 1996, he was appointed President and CEO of Siemens Semiconductor Group, and in 1998, he became a member of the Board of Siemens AG. In 1999, Dr. Schumacher led the spin-off of the Siemens Semiconductor Group and brought it public in 2000 as Infineon Technologies. Dr. Schumacher currently serves as CEO and President of Grace Semiconductor Manufacturing Corporation in Shanghai.

Dr. Schumacher currently holds no shares in the Company and he is currently not engaged as a supervisory board member of any legal entities.

The Supervisory Board and Management Board unanimously recommend a vote **FOR** appointment of Dr. U. Schumacher to the Supervisory Board to serve until 2012.

**Proposal No. 7(b). Re-appointment of Dr. Johan M.R. Danneels as a member of the Supervisory Board for a four-year period ending on the date of the Annual General Meeting in 2012.**

A proposal will be made to re-appoint Dr. Johan M.R. Danneels as a member of the Supervisory Board for a four-year period expiring at the Annual General Meeting in 2012. We know of no reason why Dr. Danneels would not be able to serve. However, if he is unable or declines to serve as a member of the Supervisory Board, or if a vacancy occurs before the election (which events are not anticipated), the proxy holders will vote for the election of such other person as may be nominated by the Supervisory Board.

Under the schedule fixed by the Supervisory Board, Dr. Danneels will resign as a Supervisory Board member this year at the end of the Annual General Meeting of Shareholders. Dr. Danneels is eligible for reappointment. The Supervisory Board proposes appointing him for a four-year period ending on the date of the Annual General Meeting in 2012.

Dr. Danneels, age 58, was elected a member of the Supervisory Board in May 2000. Currently Dr. Danneels serves as Chief Executive Officer at Essensium. In January 2005 Dr. Danneels founded Essensium N.V., a spin-off from the research institute IMEC of which he was chairman since 2000. Dr. Danneels served recently as Groups Vice President of STMicroelectronics. Prior to that, he was Corporate Executive Vice President of Alcatel NV and Chief Executive Officer of Alcatel Microelectronics. He spent 25 years at Alcatel in different management functions in all major product lines. Dr. Danneels holds a Ph.D. degree in engineering from the KULeuven, Belgium and a MBA degree from Boston University.

Dr. Danneels currently holds no shares in the Company and he is currently not engaged as a supervisory board member of any other legal entities.

With reference to Article 22.8 of our Articles of Association, the Supervisory Board is pleased to confirm that Dr. Danneels has more than adequately fulfilled his fiduciary duties as a Supervisory Board member over the past years. Dr. Danneels has in particular focused on the marketing of technology and on the production economics of the Company.

The Supervisory Board and Management Board unanimously recommend a vote **FOR** re-appointment of Dr. Johan M.R. Danneels to the Supervisory Board to serve until 2012.

*Shareholder action is requested regarding the proposal in Agenda Items No. 7(a) and No. 7(b).*

**AGENDA ITEMS NO. 8 AND NO. 9  
DISCHARGE OF LIABILITY OF THE MEMBERS OF THE MANAGEMENT BOARD  
FOR THEIR MANAGEMENT AND DISCHARGE OF LIABILITY OF MEMBERS OF  
THE SUPERVISORY BOARD FOR THEIR SUPERVISION**

It is Dutch corporate practice to discharge the members of the Management Board and the Supervisory Board from liability for their management and supervisory duties, respectively, during the previous fiscal year, at the annual general meeting of the shareholders.

The effect of such discharge is that neither the Company nor the shareholders can hold a discharged Management Board or Supervisory Board member liable for acts known or knowable to the Company or its shareholders. However, there are three important limitations:

(i) The scope of the discharge is confined to acts evidenced by or discernable from the annual report and/or financial statements, or other information provided to the shareholders at the annual general meeting. Consequently, the discharge does not extend to actions that are concealed or unapparent from such annual report and/or the financial statements or such other information;

(ii) Only the internal liability, that is, the liability of each of the Management Board and Supervisory Board members to the Company and its shareholders, is covered by the discharge. The discharge does not extend to claims brought by third parties, including a trustee in bankruptcy in a bankruptcy proceeding involving the Company; and

(iii) In cases where “mismanagement” is found, the Enterprise Section of the Amsterdam Court of Appeal has the authority to annul a resolution to discharge the Management Board or Supervisory Board from liability, in which case, the members of the Management Board and Supervisory Board would then be subject to any internal liability.

**Proposal Item No. 8:**

The Supervisory Board and Management Board unanimously recommend that the shareholders vote **FOR** the granting of discharge of liability to the members of the Management Board for their management in fiscal year 2007.

**Proposal Item No. 9:**

The Supervisory Board and Management Board unanimously recommend that the shareholders vote **FOR** the granting of discharge of liability to the members of the Supervisory Board for their supervision of the Management Board in fiscal year 2007.

*Shareholder action is requested regarding the proposals in Agenda Items No. 8 and No. 9.*

**AGENDA ITEM NO. 10  
AUTHORIZATION TO REPURCHASE SHARES**

Our Articles of Association provide that a repurchase of our outstanding shares is subject to the authorization of our general meeting. The Management Board requests that the shareholders authorize the Management Board, pursuant to Article 8.1 of our Articles of Association, for a period of 18 months commencing on the date of the 2008 Annual General Meeting to cause the Company to repurchase, subject to the prior approval of the Supervisory Board, for consideration, issued and outstanding shares of its share capital up to the maximum as permitted by our Articles of Association, at such time, if any, and on such terms as the Management Board, with the approval of the Supervisory Board, shall determine in its discretion. Any such repurchase shall be for a price between the par value of the share and 110% of the market price, where market price shall be understood as the average closing price per share calculated over the five business days preceding the day of the repurchase as quoted on the Euronext Amsterdam stock exchange.

The Supervisory Board and Management Board unanimously recommend that the shareholders vote **FOR** so authorizing the Management Board for a period of 18 months commencing on the date of the 2008 Annual General Meeting to cause the Company to repurchase, subject to the prior approval of the Supervisory Board, for consideration, issued and outstanding shares of its share capital up to such number as we are allowed to repurchase under the Dutch Civil Code at such time, if any, and on such terms as the Management Board, with the approval of the Supervisory Board, determines in its discretion.

*Shareholder action is requested regarding the proposal in Agenda Item No. 10.*

**AGENDA ITEM NO. 11  
AUTHORIZATION TO ISSUE SHARES  
AND DEVIATE FROM THE PRE-EMPTIVE RIGHTS**

**Proposal No. 11(a). Authorization of the Management Board to issue shares in connection with the Company's existing Stock Option Plan.**

In accordance with Articles 5.1 and 5.6 of our Articles of Association, the Management Board requests the general meeting of shareholders to appoint the Management Board, for a period of 18 months commencing on the date of the 2008 Annual General Meeting, as the Company's body that, subject to the approval of the Supervisory Board, is authorized to issue common shares as may be required in connection with the Company's existing Stock Option Plan – including granting the right to subscribe for such shares – at such a price, and on such conditions as determined by the Management Board subject to the approval of the Supervisory Board for each issue.

The Supervisory Board and Management Board unanimously recommend that the shareholders vote **FOR** the appointment of the Management Board, for a period of 18 months commencing on the date of the 2008 Annual General Meeting, as the body that, subject to the approval of the Supervisory Board, is authorized to issue common shares and grant rights to subscribe therefor, in accordance with the terms, conditions and limitations set forth in this proposal.

*Shareholder action is requested regarding the proposal in Agenda Item No. 11(a).*

**Proposal No. 11(b). Authorization of the Management Board to deviate from pre-emptive rights.**

In accordance with Article 7.5 of our Articles of Association, the Management Board requests the general meeting of shareholders to appoint the Management Board, for a period of 18 months commencing on the date of the 2008 Annual General Meeting, as the body that, subject to the approval of the Supervisory Board, is authorized to limit or exclude the pre-emptive rights of shareholders with respect to the issuance of common shares in connection with the Company's existing Stock Option Plan.

The Supervisory Board and Management Board unanimously recommend that the shareholders vote **FOR** the appointment of the Management Board, for a period of 18 months commencing on the date of the 2008 Annual General Meeting, as the body that, subject to the approval of the Supervisory Board, is authorized to limit or exclude the pre-emptive rights of shareholders with respect to the issuance of common shares pursuant to Proposal No. 11(a).

*Shareholder action is requested regarding the proposal in Agenda Item No. 11(b).*

**AGENDA ITEM NO. 12  
ELECTION OF ARTHUR H. DEL PRADO AS HONORARY CHAIRMAN OF THE  
COMPANY**

**Proposal No. 12. Election of Mr. Arthur H. del Prado as Honorary Chairman of the Company.**

The Supervisory Board nominates Arthur H. del Prado for election as Honorary Chairman of the Company in recognition of Mr. del Prado's invaluable contribution to the Company, which Mr. del Prado formed in 1968. As Honorary Chairman of the Company, Mr. del Prado will not be a member of the Management Board or the Supervisory Board.

Arthur H. del Prado, age 76, served as a Managing Director and our President and Chief Executive Officer until his retirement on March 1, 2008. Mr. del Prado is Chairman of the Board of ASM Pacific Technology, Ltd., a company which he co-founded with Patrick Lam in 1975. In 1984, he co-founded ASM Lithography N.V. through a joint venture with Philips Electronics N.V. For his many contributions to the semiconductor industry at large and especially in Europe, he has earned the designation, "Father of the European Semiconductor Equipment Industry." Mr. del Prado serves as a director of MEDEA+, the Micro Electronics Development for European Applications, a non-profit project, and as a director of Dujat, the Netherlands-Japanese Trade Federation.

The Supervisory Board and Management Board unanimously recommend that the shareholders vote **FOR** the election of Mr. Arthur H. del Prado as Honorary Chairman of the Company.

*Shareholder action is requested regarding the proposal in Agenda Item No. 12.*

## INFORMATION CONCERNING MEMBERS OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD

Set forth below are the names and biographical information regarding the current and proposed members of our Supervisory Board and Management Board.

<u>Name</u>	<u>Year of Birth</u>	<u>Position</u>
Paul C. van den Hoek <sup>2</sup>	1939	Chairman of the Supervisory Board (Expiring 2009)
Eric A. van Amerongen <sup>2</sup>	1953	Member of the Supervisory Board (Expiring 2010)
Leon P.E.M. van den Boom <sup>1</sup>	1952	Member of the Supervisory Board (Expiring 2009)
Berend C. Brix <sup>1</sup>	1949	Member of the Supervisory Board (Expected to resign on May 21, 2008)
Johan M.R. Danneels <sup>2</sup>	1949	Member of the Supervisory Board (Expiring 2008)
Heinrich W. Kreutzer <sup>1</sup>	1949	Member of the Supervisory Board (Expiring 2010)
Charles D. (Chuck) del Prado	1961	Chairman of the Management Board, President and Chief Executive Officer
W.K. Lee	1954	Member of the Management Board of the Company and Chief Executive Officer of ASM Pacific Technology Ltd.
A. (Naud) J.M. van der Ven	1959	Member of the Management Board and Chief Financial Officer
J. (Han) F.M. Westendorp	1956	Member of the Management Board and Vice President Front-end Products

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(1) Member of Audit Committee

(2) Member of Nomination, Selection and Remuneration Committee

*Paul C. van den Hoek* became a member of the Supervisory Board in March 1981 and is currently Chairman of the Supervisory Board. Mr. van den Hoek is a partner in the European law firm of Stibbe, which is our general legal counsel, and has been with Stibbe since 1965. Mr. van den Hoek also serves on the board of directors of various European companies. At December 31, 2007, Mr. van den Hoek owned 300,000 of our common shares. Mr. van den Hoek holds a Master's Degree in law from the University of Amsterdam, the Netherlands.

*Eric A. van Amerongen* was elected a member of the Supervisory Board in May 2002 and is currently Vice-Chairman of the Supervisory Board. Mr. van Amerongen served as Chief Executive Officer of Koninklijke Swets & Zeitlinger from 2002 to November 2004 and later as a member of its Supervisory Board from 2004 to 2006. Prior to that, he was active for over 10 years in the position of Group Director of Thomson-CSF (France), Chief Executive Officer of Hollandse Signaal Apparaten B.V. and President and Chief Executive Officer Europe, Middle East and Africa for Lucent Technologies. Mr. van Amerongen also serves on the boards of directors of various European companies.

*Leon P.E.M. van den Boom* was elected a member of the Supervisory Board in May 2005. Mr. van den Boom is a managing partner of Park Corporate Finance B.V., and before that

he worked for, among others, Catalyst Advisors B.V., as a senior partner from 2004 to 2005, NIB Capital Bank N.V., as a member of the executive committee from 2000 to 2002 and as the Managing Director at the Van den Boom Groep from 1989 to 2000. Mr. van den Boom serves on the board of directors of various companies. Mr. van den Boom holds a degree in Business Administration from Rijksuniversiteit Groningen, the Netherlands and a degree in Accountancy from the Vrije Universiteit, Amsterdam, the Netherlands.

*Berend C. Brix* was elected a member of the Supervisory Board in May 2006. He is a partner in Lesuut Finance B.V. since October 2003. Prior to that, he was appointed as a member of the Management Board of Volmac Software Group N.V. in 1990, which company was renamed Cap Gemini N.V. in 1993, and as Chairman of the Management Board in 1998. From 2000 to 2003 he was a member of the Group Executive Committee of Cap Gemini Ernst & Young. Mr. Brix is a non-executive director of Computer Patent Annuities Holdings Limited and a member of its Remuneration Committee and Nominations Committee. Mr. Brix holds a degree in Business Administration from Erasmus University, Rotterdam, the Netherlands.

*Johan M.R. Danneels* was elected a member of the Supervisory Board in May 2000. Currently Dr. Danneels serves as Chief Executive Officer at Essensium. In January 2005 Dr. Danneels founded Essensium N.V., a spin-off from the research institute IMEC of which he was chairman since 2000. Dr. Danneels served recently as Groups Vice President of STMicroelectronics. Prior to that, he was Corporate Executive Vice President of Alcatel NV and Chief Executive Officer of Alcatel Microelectronics. He spent 25 years at Alcatel in different management functions in all major product lines. Dr. Danneels holds a Ph.D. degree in engineering from the KULeuven, Belgium and a MBA degree from Boston University.

*Heinrich W. Kreutzer* was elected a member of the Supervisory Board in November 2006. Mr. Kreutzer is currently a member of the Board of Directors of Micronas Semiconductor AG in Zurich, Switzerland, chairman of the Supervisory Board of Micronas Semiconductor GmbH in Freiburg, Germany and chairman of the Supervisory Board of BKTel communications GmbH, Germany. He worked at several companies, including General Telephone & Electronics in Waltham, Massachusetts, USA, and Alcatel in Stuttgart, Germany. From 2004 to April 2006, he was Managing Director of Kabel Deutschland GmbH in Munich, Germany. From 1999 to 2003, Mr. Kreutzer was a member of the Management Board, and was the Chief Operating Officer and Chief Technology Officer of Alcatel SEL AG. Mr. Kreutzer is 'Diplom-Ingenieur' and 'Diplom-Ökonom'. He studied at the Technical University of Berlin and the University of Hagen.

*Charles D. (Chuck) del Prado* became a member of the Management Board in May 2006 and the President and Chief Executive Officer on March 1, 2008. From January 1, 2008 until February 29, 2008, he was the Executive Vice President Front-end Operations. He was President and General Manager of ASM America from February 2003 until August 2007. In March 2001, he was appointed Director Marketing, Sales & Service of ASM Europe. From February 1996 to 2001, he held various management positions at ASM Lithography in manufacturing and sales in Taiwan and in the Netherlands. Mr. del Prado worked at IBM Nederland N.V. from 1989 to 1996 in several marketing and sales positions. Mr. del Prado received a Master of Science degree in Industrial Engineering and Technology Management from the University of Twente, the Netherlands.

*W.K. Lee* became a member of the Management Board of the Company and Chief Executive Officer of ASM Pacific Technology Ltd. effective January 1, 2007 and has been General Manager Southern Region of ASMPT since 1990. He has been employed by ASM

Pacific Technology Ltd. for over 25 years. Prior to becoming General Manager Southern Region of ASM Pacific Technology Ltd. in Singapore, Mr. W.K. Lee was involved in product development. Mr. W.K. Lee studied at the Chinese University of Hong Kong (Bachelor of Science and Master of Philosophy in Electronics) and has a Master Degree in Business Administration from the National University of Singapore.

*A. (Naud) J.M. van der Ven* became Chief Financial Officer and a member of the Management Board in June 2005. Prior to his joining ASM International, Mr. van der Ven was Chief Financial Officer and Member of the Executive Board of Novamedia Holding B.V. from 2001 to 2004 and of Vedior N.V. from 1997 to 2000. He was Chief Financial Officer of Axxicon Group N.V. from 1991 to 1997 and started his career at McKinsey & Company in 1985. Mr. van der Ven holds a MBA degree from the University of Chicago, United States, and a law degree from the University of Leiden, the Netherlands.

*J. (Han) F.M. Westendorp* became a member of the Management Board in May 2006 and has been Vice President Front-end Products since January 1, 2008. He was Chief Operating Officer Front-end Operations of ASM International since February 2003 until January 1, 2008. He was appointed General Manager of ASM Europe in July 1999. Mr. Westendorp held various management positions at Tokyo Electron Massachusetts from 1991 to mid-1999, most recently as General Manager. Prior to that, he worked on developing ion implant technology at ASM International. Mr. Westendorp has a doctorate in physics and mathematics from the University of Utrecht, the Netherlands.

Under Netherlands law, the Supervisory Board has the duty to supervise and advise the Management Board. Persons nominated by the Supervisory Board to be appointed by the shareholders to the Supervisory Board are elected if they receive a majority of the votes cast at a meeting of shareholders. Nominees to the Supervisory Board who are not proposed by the Supervisory Board are appointed if they receive the affirmative vote of a majority of the votes cast at a meeting, if such affirmative votes represent more than half our issued capital. A resolution to remove a member of the Supervisory Board, other than in accordance with a proposal of the Supervisory Board, shall require the affirmative vote of a majority of the votes cast, if such affirmative votes represent more than half our issued capital. The Supervisory Board members serve an initial maximum four year term, but may be re-elected twice.

The Management Board is entrusted with our management under the supervision of the Supervisory Board and has the general authority to enter into binding agreements with third parties. Persons nominated by the Supervisory Board to be appointed by the shareholders to the Management Board are elected if they receive a majority of the votes cast at a meeting of shareholders. Nominees to the Management Board who are not proposed by the Supervisory Board are appointed if they receive the affirmative vote of a majority of the votes cast at a meeting, if such affirmative votes represent more than half our issued capital. A Management Board member may at any time be suspended by the Supervisory Board. A Management Board member may, in accordance with a proposal of the Supervisory Board, be dismissed by the general meeting of shareholders with a majority of the votes cast. A resolution to suspend or to dismiss a member of the Management Board, other than in accordance with a proposal of the Supervisory Board, shall require the affirmative vote of a majority of the votes cast at a meeting, if such affirmative votes represent more than half our issued capital. The Management Board members serve an initial maximum four year term, and may be re-elected for indefinite additional terms.

Currently, our Management Board consists of Charles D. (Chuck) del Prado, W.K. Lee, A. (Naud) J.M. van der Ven and J. (Han) F.M. Westendorp.

### **CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

On May 28, 1997, we entered into an agreement with Stichting Continuïteit ASM International (“Stichting”), pursuant to which Stichting was granted an option to acquire up to a number of our preferred shares corresponding with a total par value equal to 50% of the par value of our common shares issued and outstanding at the date of the exercise of the option. Stichting is a non-membership organization organized under Netherlands law. The objective of Stichting is to serve the interests of the Company. To that objective Stichting may, among other actions, acquire, own and vote our preferred shares in order to maintain our independence and/or continuity and/or identity. As of April 2, 2008, the members of the board of Stichting are:

Michiel J.C. van Galen (chairman)	Retired Managing Director, Breevast N.V.
Rinze Veenenga Kingma	President Archeus Consulting B.V.
Laurus Traas	Emeritus Professor, Vrije Universiteit Amsterdam

All shares of our common stock entitle the holder to the same voting rights.

In 1999, the Company acquired a 24.0% interest in NanoPhotonics, a German supplier of precision thin film metrology equipment, for €407 thousand. In 1999, the Company’s then Chief Executive Officer also purchased a 44.5% interest in NanoPhotonics. Due to the issuance of new shares by NanoPhotonics to third parties in 2003, the Company’s interest diluted to 23.61% and the then Chief Executive Officer’s interest diluted to 43.77%. In 2004 the then Chief Executive Officer purchased an additional 1.72% interest in NanoPhotonics from another shareholder. For all the shares purchased by the then Chief Executive Officer, the Company and the then Chief Executive Officer agreed that the Company could purchase such shares at the same price the officer paid to acquire the shares. The Company exercised this option in December 2005, for a total consideration of €1,101 thousand. In 2006 the Company acquired an additional 2% interest in NanoPhotonics for a consideration of €300 thousand. At December 31, 2007 the Company holds a 72.86% interest in NanoPhotonics. At December 31, 2006 and December 31, 2007, the Company has provided NanoPhotonics with intercompany loans of €10,409 thousand and €300 thousand, respectively. Intercompany loans decreased as a result of a financial restructuring of NanoPhotonics in 2007. In 2005 and 2006 the Company purchased equipment from NanoPhotonics in the amount of €427 thousand and €648 thousand respectively. In 2007 the Company purchased no equipment from NanoPhotonics.

In March 2000, the Company made an interest-bearing loan to its then Chief Executive Officer in connection with the exercise of stock options at an average interest rate for 2007 of 6.24%. At December 31, 2007 the loan is fully repaid.

The Chairman of the Supervisory Board, Mr. P.C. van den Hoek, is a partner in the European law firm of Stibbe. Another partner at Stibbe serves as the Company’s general outside legal counsel. Mr. van den Hoek has been with Stibbe since 1965. Mr. P.C. van den Hoek also serves on the boards of directors of various European companies. Fees for services to Stibbe amounted to €521 thousand and €360 thousand in 2006 and 2007, respectively.

## THE SUPERVISORY BOARD AND ITS COMMITTEES

The Supervisory Board currently is composed of six members. The Supervisory Board supervises the policies of the Management Board and the general course of our business and the management actions relating thereto. The Management Board is responsible for supplying the Supervisory Board in a timely manner with all information that the Supervisory Board requires for the performance of its task.

The Supervisory Board has, in accordance with the Dutch Corporate Governance Code, drawn up a profile for its own composition, which is posted on our website. The Supervisory Board consists of at least two members. The members should operate independently of and critically with regard to each other, within a good relationship of mutual trust. They should be experienced in the management of an international, publicly listed company and have sufficient time available to fulfill the function of Supervisory Board member. The Supervisory Board members appoint a chairman from amongst their midst.

All of our Supervisory Board members meet the independence requirements of the Marketplace Rules of the Nasdaq Stock Market.

The Supervisory Board held a total of seven meetings with the Management Board during the year ended December 31, 2007. The Supervisory Board has an Audit Committee and a Nomination, Selection and Remuneration Committee, which are standing committees.

*Audit Committee.* The Audit Committee has a supervisory task with regard to monitoring the integrity of our financial reports and risk management. The Audit Committee consists of Mr. van den Boom (Chairman), Mr. Brix and Mr. Kreutzer. The Audit Committee supervises the activities of the Management Board with respect to:

- the operation of the internal risk management and control systems, including supervision of the enforcement of the relevant legislation and regulations, and supervising the operation of codes of conduct;
- our release of financial information;
- compliance with recommendations and observations of external auditors;
- our policy on tax planning;
- relations with the external auditor, including, in particular, its independence, remuneration and any non-audit services performed for us;
- our financing; and
- the applications of information and communication technology (ICT).

The Audit Committee meets periodically to nominate a firm to be appointed as independent auditors to audit the financial statements and to perform services related to the audit, to review the scope and results of the audit with the independent auditors, to review with management and the independent auditors our annual operating results and to consider the adequacy of the internal accounting procedures and the effect of the procedures relating to the auditor's independence.

The Supervisory Board has determined that the composition of the Audit Committee, the attributes of its members and the responsibilities of the Audit Committee, as reflected in its

charter, are in accordance with applicable Nasdaq Marketplace Rules for audit committees. In particular, all Audit Committee members possess the required level of financial literacy, at least one member of the Audit Committee meets the current standard of requisite financial management expertise and our Supervisory Board has determined that Mr. van den Boom is an “audit committee financial expert” as defined in Item 407(d) of Regulation S-K of the Securities and Exchange Commission (the “SEC”), as well as a “financial expert” as referred to in Best Practice Provision III.3.2 of the Dutch Corporate Governance Code. Additionally, Mr. van den Boom and each of the other members of the Audit Committee meet the independence requirements of Nasdaq Marketplace Rule 4350(d)(2)(A).

*Nomination, Selection and Remuneration Committee.* The nomination, selection and remuneration committee advises the Supervisory Board on matters relating to the selection and nomination of the members of the Management Board and Supervisory Board. The committee further monitors and evaluates the remuneration policy for the Management Board and some of our other senior executives. This committee consists of Mr. van Amerongen (Chairman), Dr. Danneels and Mr. van den Hoek.

Shareholders wishing to communicate with the Supervisory Board or with a Supervisory Board member should address communications to the Supervisory Board or the particular Board member, c/o Lies Rijnveld, Assistant to the CFO as follows:

10 Jan van Eycklaan  
3723 BC Bilthoven  
The Netherlands  
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These communications will be forwarded to the individual Supervisory Board member or the entire Supervisory Board as appropriate.

## COMPENSATION OF SUPERVISORY AND MANAGEMENT BOARD MEMBERS

The following table sets forth as to all current members of our Supervisory Board and Management Board, and Mr. Arthur H. del Prado, our former Chairman of the Management Board, President and Chief Executive Officer, information concerning all remuneration from us (including our subsidiaries) for services in all capacities during the year ended December 31, 2007:

### Annual Compensation For The Year Ended December 31, 2007

<u>Name</u>	<u>Annual Compensation</u> <sup>1</sup>			<u>Long-Term Compensation</u>	<u>All Other Compensation</u> <sup>1</sup>
	<u>Base Compensation</u>	<u>Bonus</u>	<u>Other</u> <sup>2</sup>	<u>Number of Securities Underlying Options Granted</u>	
Paul C. van den Hoek	54	-	-	-	-
Eric A. van Amerongen	30	-	-	-	-
Leon P.E.M. van den Boom	33	-	-	-	-
Berend C. Brix	30	-	-	-	-
Johan M.R. Danneels	29	-	-	-	-
Heinrich W. Kreutzer	30	-	-	-	-
Arthur H. del Prado <sup>3</sup>	583	58	-	60,441	-
W.K. Lee	295	249	18	- <sup>4</sup>	-
Charles D. (Chuck) del Prado	289	28	19	22,451	-
A. (Naud) J.M. van der Ven	282	14	18	21,917	-
J. (Han) F.M. Westendorp	330	-	21	25,659	-

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- (1) In thousands of euros.
  - (2) Other annual compensation includes pension expenses.
  - (3) Mr. del Prado retired March 1, 2008.
  - (4) Mr. W.K. Lee, in his capacity as member of the Board of Directors of ASM Pacific Technology Ltd., was granted 100,000 shares in the share capital of ASM Pacific Technology Ltd. under the Employee Share Incentive Scheme of ASM Pacific Technology Ltd.

For further information regarding remuneration of members of our Management Board, see our Remuneration Policy, which is posted on our website [www.asm.com](http://www.asm.com).

We generally contribute to investment funds managed by outside fund managers on behalf of all of our employees. None of the funds so contributed are separately earmarked for directors or senior management.

We granted stock options to certain employees during the 2007 fiscal year. For information regarding such options, see Notes 16 and 25 to the Consolidated Financial Statements in our 2007 Annual Report. Supervisory Board members hold no options. As of March 1, 2008, options to acquire 451,500 common shares were held by Management Board members at exercise prices of US \$11.35 and ranging from €11.18 – €19.47, with expiration dates from 2009 to 2015.

## CODE OF ETHICS AND ANTI-FRAUD POLICY

We have adopted a Code of Ethics and Anti-Fraud Policy that applies to our employees, including our Chief Executive Officer, our Chief Financial Officer and our principal accounting officer. Our Code of Ethics and related policies are posted on our website, [www.asm.com](http://www.asm.com).

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table presents information regarding the share ownership and option ownership of our share capital stock as of March 31, 2008 by the members of our Supervisory Board and Management Board:

<u>Name</u>	<u>Shares Owned</u>	<u>Options for Shares</u>	<u>Percentage of Outstanding<sup>(1)</sup></u>
Paul C. van den Hoek	*	-	*
Eric A. van Amerongen	-	-	-
Johan M.R. Danneels	-	-	-
Leon P.E.M. van den Boom	-	-	-
Berend C. Brix	-	-	-
Heinrich W. Kreutzer	-	-	-
W.K. Lee	-	-	-
Naud J.M van der Ven	-	*	*
Han F.M. Westendorp	*	*	*
Charles D. (Chuck) del Prado	845,945 <sup>(2)</sup>	*	1.6%

\*Less than 1%.

(1) Calculated on the basis of each individual's actual shares held, without regard to options.

(2) Includes 713,000 common shares owned by Stichting Administratiekantoor ASMI (and beneficially owned by Charles D. (Chuck) del Prado), a trust controlled by our founder Arthur H. del Prado as reported in footnote (2) below.

The following table sets forth information with respect to the ownership of our common shares as of March 28, 2008 by each beneficial owner known to us of more than 5% of our common shares:

	<u>Number of Shares</u>	<u>Percent</u> <sup>(1)</sup>
Arthur H. del Prado <sup>(2)</sup>	11,476,878	21.3
Hermes Focus Asset Management Europe Ltd <sup>(3)</sup>	7,000,000	13.0
Fursa Alternative Strategies LLC <sup>(4)</sup>	5,320,396	9.9
The Goldman Sachs Group, Inc. <sup>(5)</sup>	3,606,696	6.7

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- (1) Calculated on the basis of 54,005,214 Common Shares outstanding as of March 28, 2008, and without regard to options.
- (2) Includes 7,692,039 common shares owned by Stichting Administratiekantoor ASMI, a trust controlled by Arthur H. del Prado, of which 713,000 common shares are beneficially owned by Chuck D. del Prado.
- (3) Derived from share ownership certification provided by Hermes as of March 19, 2008.
- (4) Derived from Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions 2006 filed March 11, 2008 with the Netherlands Authority for the Financial Markets.
- (5) Derived from Schedule 13G filed February 11, 2008 with the SEC.

## **RELATIONSHIP WITH INDEPENDENT AUDITORS**

Our principal independent auditing firm during the year ended December 31, 2007 was Deloitte Accountants B.V., independent certified public accountant. Deloitte Accountants B.V., and its predecessors, have audited our financial statements annually since 1969.

### **Audit fees.**

Deloitte Accountants B.V., its affiliates, and its member firms (“Deloitte”) billed us an aggregate €1,448,218 and €2,902,577 for the audit of our Consolidated Financial Statements for the years ended December 31, 2006 and 2007, respectively, and certain agreed upon procedures regarding our quarterly financial results. These amounts accounted for 48% and 76% of the total fees billed to us by Deloitte in 2006 and 2007, respectively.

### **Audit-related fees.**

Deloitte billed us an aggregate of €1,188,353 and €14,327 for fees for audit related services for the years ended December 31, 2006 and 2007, respectively. The services for the year ended December 31, 2006 consisted mainly of consultations related to Section 404 of the Sarbanes-Oxley Act. These amounts accounted for 39% and 1% of the total fees billed to us by Deloitte in 2006 and 2007, respectively.

### **Tax fees.**

Deloitte billed us an aggregate of €383,276 and €863,141 in 2006 and 2007, respectively, for tax services relating to tax compliance, tax planning and advice. These amounts accounted for 12% and 22% of the total fees billed to us by Deloitte in 2006 and 2007, respectively.

### **All other fees.**

Deloitte billed us an aggregate of €27,676 and €54,245 in 2006 and 2007, respectively, for all other services. These amounts accounted for 1% and 1% of the total fees billed to us by Deloitte in 2006 and 2007, respectively.

### **Audit Committee pre-approval policies.**

The Audit Committee has determined that the provision of services by Deloitte described in the preceding paragraphs is compatible with maintaining Deloitte’s independence. All audit and permitted non-audit services provided by Deloitte during 2007 were pre-approved by the Audit Committee.

The Audit Committee has adopted the following policies and procedures for pre-approval of all audit and permitted non-audit services provided by our independent registered public accounting firm:

**Audit Services.** Management submits to the Audit Committee for pre-approval the scope and estimated fees for specific services directly related to performing the independent audit of our Consolidated Financial Statements for the current year.

**Audit-Related Services.** The Audit Committee may pre-approve expenditures up to a specified amount for services included in identified service categories that are related extensions of audit services and should logically be performed by our auditors. Additional services exceeding the specified pre-approved limits require specific Audit Committee approval.

**Tax Services.** The Audit Committee may pre-approve expenditures up to a specified amount per engagement and in total for identified services related to tax matters. Additional services exceeding the specified pre-approved limits, or involving service types not included in the pre-approved list, requires specific Audit Committee approval.

**Other Services.** In the case of specified services for which utilizing our independent registered public accounting firm creates efficiencies, minimizes disruption, or preserves confidentiality, or for which management has determined that our independent registered public accounting firm possesses unique or superior qualifications to provide such services, the Audit Committee may pre-approve expenditures up to a specified amount per engagement and in total. Additional services exceeding the specified pre-approved limits, or involving service types not included in the pre-approved list, requires specific Audit Committee approval.

#### **OTHER MATTERS**

The Supervisory Board is not aware of any other matter which may come before the meeting. If any other matters are properly presented at the meeting for action, including a question of adjourning the meeting, the persons named in the proxies and acting thereunder will have discretion to vote on such matters in accordance with their best judgment.

## ANNEX A

### ASM INTERNATIONAL N.V. RECONCILIATION US GAAP—IFRS

#### Accounting principles under IFRS

ASMI's primary consolidated financial statements are and will continue to be prepared in accordance with US GAAP. However, ASMI is required under Dutch law to report its Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS"). As a result of the differences between IFRS and US GAAP that are applicable to ASMI, the Consolidated Statement of Operations and Consolidated Balance Sheet reported in accordance with IFRS differ from those reported in accordance with US GAAP. The major differences relate to accounting for goodwill, accounting for minority interest, accounting for convertible subordinated notes, accounting for development expenses, accounting for option plans and accounting for pension plans.

The reconciliation between IFRS and US GAAP is as follows:

(euro thousands)	Net earnings	
	Year ended December 31,	
	2006	2007
		(unaudited)
US GAAP	34,334	60,977
Adjustments for IFRS:		
Classification of minority interest	54,882	55,345
Convertible subordinated notes	(9,899)	(11,179)
Development expenses	11,445	12,750
Option plans	85	6
Total adjustments	56,513	56,922
<b>IFRS</b>	<b>90,847</b>	<b>117,899</b>
IFRS allocation of net earnings:		
Shareholders	35,965	62,554
Minority interest	54,882	55,345

	Equity	Equity
	December 31,	December 31,
(euro thousands)	2006	2007
		(unaudited)
US GAAP	276,458	318,878
Adjustments for IFRS:		
Goodwill	(10,575)	(9,569)
Classification of minority interest	114,916	120,624
Convertible subordinated notes	28,330	17,151
Development expenses	19,065	29,717
Pension Plans	860	747
Total adjustments	152,596	158,670
<b>IFRS</b>	<b>429,054</b>	<b>477,548</b>