

REMUNERATION POLICY

GENERAL

The objective of the remuneration policy for the members of the Management Board of ASM International N.V. ("ASMI") is to provide a remuneration system that:

- a) creates a remuneration structure that will allow ASMI to attract, reward and retain qualified executives in our competitive global industry; and
- b) provides and motivates executives with a balanced and competitive remuneration that is focused on sustainable results and is aligned with the long-term strategy of ASMI.

In determining the level and structure of the remuneration of the members of the Management Board, the Supervisory Board shall take into account, among other things, the financial and operational results as well as non-financial indicators relevant to the long-term objectives of ASMI. The Supervisory Board has performed and will perform scenario analyses to assess that the outcomes of variable remuneration components appropriately reflect performance and with due regard for the risks to which variable remuneration may expose ASMI.

In determining the compensation of members of the Management Board, the Supervisory Board will take into account the impact of the overall remuneration of the Management Board on the pay differential within ASMI.

The remuneration of the members of the Management Board consists of the following four components:

- a fixed (base) salary component;
- a variable component (annual performance based bonus or short-term incentive);
- a long-term component (performance based long-term incentive in the form of stock options and performance shares); and
- pension provisions and fringe benefits.

The at target level mix of base salary and the performance based short-term and long-term incentive is set as follows:

	CEO	Other MB members
Base salary	100%	100%
Annual Bonus	100%	75%
Long-term incentive	133%	100%

The level of the above components for the Management Board is compared with a balanced remuneration peer group of companies selected based on industry, size and geographical spread.

The Remuneration peer group currently consists of the following companies:

Remuneration peer group

ASML Holding N.V.	Renishaw Plc	KLA-Tencor Corporation	Arcadis N.V.
LAM Research Corporation	Aixtron SE	Microchip Technology Inc.	TomTom N.V.
Freescale Semiconductor Ltd	Veeco Instruments Inc.	ON Semiconductor Corp.	Spirent Communications Plc
Teradyne Inc.	Amkor Technology Inc.	Aalberts Industries N.V.	BE Semiconductor N.V.

The appropriateness of the selected companies in this peer group (based on the selection criteria) will be evaluated by the Supervisory Board on a regular basis. Substantial changes to the composition of the peer group will be proposed to the Shareholders Meeting.

FIXED COMPONENT

Base salary of the members of the Management Board will be determined by comparing with the median of the base salary levels of the above mentioned remuneration peer group.

VARIABLE COMPONENT (ANNUAL BONUS)

The CEO will be eligible for an annual bonus of up to 100% of the annual fixed salary for on target performance. The maximum annual bonus is up to 150% of the annual fixed salary in case of outperformance. Other members of the Management Board will be eligible for an annual bonus of up to 75% of the annual fixed salary for on target performance. The maximum annual bonus is up to 125% of the annual fixed salary in case of outperformance.

The bonus levels are set by the Supervisory Board and may vary per member of the Management Board. A part of the bonus is related to pre-determined quantified financial targets and accounts for 75% of the annual bonus and part of the bonus is related to non-financial / personal targets and will account for 25% of the annual bonus.

The targets will be set annually for the relevant year. The targets are predetermined, assessable and influenceable and are supportive of the long-term strategy of ASMI. The financial performance measures currently are Sales, EBIT and Free Cash Flow before Financing and may change over time subject to approval of the Supervisory Board. If the performance on the financial targets does not meet the threshold level set at 70% of the at target levels, the part of the bonus that is related to financial targets will be zero.

The non-financial targets will be determined prior to the start of the relevant year. These targets are derived from ASMI's strategic and organizational priorities and also include qualitative targets that are relevant to the responsibilities of the individual Management Board member. The targets are set by the Supervisory Board. Achievement of the targets will be measured shortly after the end of the relevant year. Notwithstanding such measurement, if the financial performance of ASMI in the relevant year does not warrant a bonus payout, the Supervisory Board has the discretion to not pay out the part of the bonus that is related to non-financial targets.

ASMI does not disclose the actual financial and non-financial targets as this is considered commercially/competition sensitive information.

LONG-TERM COMPONENT (LONG-TERM INCENTIVE)

The long-term component for the Management Board consists of a combination of stock options and performance shares. The number of stock options and performance shares to be granted will be based on a fair value approach. The total value of the stock options and performance shares for the CEO will be 133% of the annual base salary for on target performance. The maximum total value of the stock options and the performance shares for the CEO will be 200% of annual fixed salary in case of outperformance of the predetermined performance targets.

The total value of the stock options and performance shares for the other Management Board members will be 100% of the annual base salary for on target performance. The maximum total value of the stock options and performance shares for the other Management Board members will be 150% of annual fixed salary in case of outperformance.

The mix between stock options and performance shares will be determined annually by the Supervisory Board, taking into account the objectives of this policy.

Performance shares

The number of performance shares for on target performance will be determined annually by the Supervisory Board depending on the value of performance shares as part of the mix between stock options and performance shares. The shares will become unconditional after three years depending on the achievement of predetermined financial targets. The financial targets to be achieved are measured over a three-year performance period and relate to a sales growth compared to market and an average EBIT percentage performance measure. These predetermined targets are set annually by the Supervisory Board and may change over time. In order to show their commitment to the company and to align with shareholder interests, the members of the Management Board are required to hold the vested performance shares for an additional two years after the vesting date or, if earlier, until the date of termination of employment.

For the purpose of paying applicable taxes upon vesting of performance shares, the members of the Management Board are allowed to sell sufficient vested performance shares to cover the withholding taxes payable at vesting.

Stock options

The amount of stock options as part of the total long-term incentive to be granted will be determined annually by the Supervisory Board based on an assessment of the contribution to the long-term development of ASMI.

Contributions of the Management Board above or below target levels will lead to a higher respectively lower amount of stock options to be granted, which value will be determined taking into consideration the maximum percentages of base salary as detailed in the previous description.

An important objective of stock options is to provide an incentive to the Management Board members to continue their employment relationship with ASMI and to focus on the creation of sustainable shareholder value. Therefore, the stock options vest after a minimum of three years of continued

employment and can be exercised for a period of four years after vesting. Stock options will only deliver value to the Management Board if, and to the extent, over this period the value of the underlying stock exceeds the exercise price of the options. The exercise price of options will be equal to the average closing price on Euronext of ASMI shares during five trading days consisting of the date of grant and the four trading days preceding the date of grant.

Grant date

Stock options and performance shares will, in principle, be granted and awarded annually immediately following the announcement of the first quarterly results in April.

Neither the exercise price of stock options granted nor the other conditions of stock options and performance shares may be modified during the term of the options or during the vesting period of the performance shares, except in so far as prompted by structural changes relating to ASMI or its shares in accordance with established market practice.

Dilution

In order to limit potential dilution of the long-term incentive to be awarded to the Management Board and the restricted shares to be awarded to other employees, the Supervisory Board will reduce the maximum previously applicable dilution percentage of 7.5% of the issued ordinary share capital of ASMI to 5% of the issued ordinary share capital of ASMI. This previous applied dilution limit of 7.5% was applicable to the number of outstanding (vested and non-vested) stock options granted to the Management Board and other employees up to and including 2014. In order to facilitate the transition to the new share and option based program and to attain this dilution limit of 5%, the Supervisory Board will apply a transition period of maximum 4 years, during which the potential dilution may exceed 5% but will not exceed 7.5%. In addition, ASMI may repurchase outstanding shares in order to mitigate possible dilution.

DISCRETIONARY ADJUSTMENTS AND CLAW BACK CLAUSE

In exceptional circumstances the Supervisory Board will have the discretionary authority to make adjustments to the amount of the annual bonus or long-term incentive.

If a variable component conditionally awarded in a previous financial year would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved, the Supervisory Board has the power to adjust the value downwards or upwards (*ultimum remedium*).

Furthermore, the Supervisory Board may recover from the Management Board any variable remuneration awarded on the basis of incorrect financial or other data (*claw back clause*).

PENSION ARRANGEMENTS AND FRINGE BENEFITS

The pension arrangements of the members of the Management Board consist of an industry wide pension arrangement and of supplemental arrangements with respect to the pensionable salary in excess of the maximum amount insured under the industry wide arrangements. Generally the premium is shared between the company and the relevant individual in the proportion of 2/3rd - to 1/3rd.

In addition members of the Management Board are entitled to the usual fringe benefits such as a company car, expense allowance, medical insurance, accident insurance etc.