NOVELLUS SYSTEMS REPORTS SECOND QUARTER RESULTS

SAN JOSE, Calif., July 13, 2009-Novellus Systems, Inc. (NASDAQ: NVLS) today reported operating results for its second quarter ended June 27, 2009. Net sales for the second quarter of 2009 were $119.2 million, up $20.3 million or 20.5 percent from first quarter 2009 net sales of $98.9 million, and down $138.5 million or 53.7 percent from second quarter 2008 net sales of $257.7 million. The net loss for the second quarter of 2009 was $50.0 million, or $0.52 per diluted share, $16.4 million less than first quarter 2009 net loss of $66.4 million, or $0.69 per diluted share, and $47.6 million more than second quarter 2008 net loss of $2.4 million, or $0.02 per diluted share.

Second quarter 2009 results of operations include $15.9 million in charges primarily related to the reductions in workforce and the scaling back of our CMP operations. Second quarter 2009 net loss without those items was $39.3 million, or $0.41 per diluted share. Excluding certain charges, first quarter 2009 net loss was $45.5 million, or $0.47 per diluted share, and second quarter 2008 net income was $6.2 million, or $0.06 per diluted share. A reconciliation of pro forma operating results to U.S. generally accepted accounting principles ("GAAP") is included below.

Bookings in the second quarter of 2009 were $111.2 million, up $33.4 million or 42.9 percent from first quarter 2009 bookings of $77.8 million. Second quarter 2009 shipments of $120.0 million were up by $27.9 million or 30.2 percent from $92.1 million reported for the first quarter of 2009. Deferred revenue at the end of the second quarter of 2009 was $43.8 million, an increase of $3.6 million or 8.9 percent from $40.2 million at the end of the first quarter of 2009.

Cash, cash equivalents, and short-term investments as of June 27, 2009 were $476.3 million, a decrease of $21.4 million or 4.3 percent from the first quarter 2009 ending balance of $497.7 million. Long-term investments and restricted cash and cash equivalents as of June 27, 2009 were $223.4 million, an increase of $19.0 million or 9.3 percent from the first quarter 2009 ending balance of $204.4 million.

Richard S. Hill, Chairman and Chief Executive Officer said, "While we have seen a rebound in orders off of historically low levels and are encouraged by increased customer activity, we remain determined to continue improving operating leverage and efficiency. We are making the structural changes required to return to profitability before historical normalized industry conditions are restored."

Management uses non-GAAP measures to evaluate operating performance. The presentation of net income (loss) excluding certain charges and the discussion of revenue on a shipments basis are not in accordance with GAAP and may differ from non-GAAP methods of accounting and reporting used by other companies. We present net income (loss) on a pro forma basis, excluding certain charges, because we believe this helps both management and investors to assess the operating performance of our business by comparing it to prior periods on a more consistent basis. A reconciliation between our GAAP and non-GAAP results is provided below. Non-GAAP numbers are merely a supplement to, and not a replacement for, GAAP financial measures.

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995:

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including the statements regarding (i) our continued focus on improving operating leverage and efficiency; (ii) our plan to make structural changes required to return to profitability before historical normalized industry conditions are restored; and (iii) other matters discussed in this news release that are not purely historical data. Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those contemplated by such statements. These risks and uncertainties include, but are not limited to (i) unexpected manufacturing and production complications impacting our ability to leverage our cost effective technology; (ii) our inability to sufficiently reduce our cost structure and successfully execute our consolidation initiatives in a timely manner; and (iii) other risks indicated in our filings with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K for the year ended December 31, 2008, our Quarterly Report on Form 10-Q for the quarter ended March 28, 2009, our Current Reports on Form 8-K, and amendments to such reports. Forward-looking statements are made and based on information available to us on the date of this press release. We do not assume, and expressly disclaim, any obligation to update this information.

About Novellus:
Novellus Systems, Inc. (NASDAQ: NVLS) is a leading provider of advanced process equipment for the global

semiconductor industry. The Company's products deliver value to customers by providing innovative technology backed by trusted productivity. An S&P 500 company, Novellus is headquartered in San Jose, CA with subsidiary offices across the globe. For more information please visit www.novellus.com.

- The reconciliation of net income (loss), excluding certain charges is not in accordance with or an alternative for GAAP and may be different from similar measures presented by other companies.
- For the three months ended June 27, 2009, there are charges of $7.6 million in cost of sales, $4.5 million in selling, general and administrative, $0.9 million in research and development and $2.9 million in restructuring charges. For the six months ended June 27, 2009, there are charges of $7.8 million in cost of sales, $6.1 million in selling, general and administrative, $0.9 million in research and development, $3.2 million in restructuring charges and $19.4 million in the provision for (benefit from) income taxes.

  For the three months ended March 28, 2009, there are charges of $0.1 million in cost of sales, $1.8 million in selling, general and administrative, $0.1 million in research and development and $19.4 million in the provision for (benefit from) income taxes.

  For the three months ended June 28, 2008, there are charges of $6.5 million in cost of sales, $2.8 million in selling, general and administrative and $4.3 million in research and development. For the six months ended June 28, 2008, there are charges of $6.5 million in cost of sales, $2.9 million in selling, general and administrative and $4.8 million in research and development.
- Restructuring charges relate to changes in the estimated sublease income over the remaining lease term for facility exit activities recorded in prior years.

* The December 31, 2008 condensed consolidated balance sheet was derived from our audited consolidated financial statements.
