

NOVELLUS SYSTEMS REPORTS SECOND QUARTER RESULTS

SAN JOSE, Calif., July 12, 2010-Novellus Systems, Inc. (NASDAQ: NVLS) today reported operating results for its second quarter ended June 26, 2010. Net sales for the second quarter of 2010 were \$321.4 million, up \$45.1 million or 16.3 percent from first quarter 2010 net sales of \$276.2 million, and up \$202.2 million or 169.6 percent from second quarter 2009 net sales of \$119.2 million. Net income for the second quarter of 2010 was \$63.3 million, or \$0.66 per diluted share, up \$22.1 million from first quarter 2010 net income of \$41.3 million, or \$0.43 per diluted share. The second quarter 2009 net loss was \$50.0 million, or \$0.52 per diluted share.

Bookings in the second quarter of 2010 were \$384.9 million, up \$63.5 million or 19.8 percent from first quarter 2010 bookings of \$321.4 million. Second quarter 2010 shipments of \$332.1 million were up by \$49.3 million or 17.4 percent from \$282.8 million in the first quarter of 2010. Deferred revenue as of the end of the second quarter of 2010 was \$44.4 million, an increase of \$6.9 million or 18.4 percent from \$37.5 million at the end of the first quarter of 2010. Deferred revenue in the first and second quarters of 2010 included \$25.8 million and \$30.6 million, respectively, related to system sales.

Cash, cash equivalents, and short-term investments as of the end of the second quarter were \$555.0 million, an increase of \$2.1 million or 0.4 percent from the first quarter 2010 ending balance of \$552.9 million. Long-term investments and restricted cash and cash equivalents as of the end of the second quarter were \$187.7 million, a decrease of \$11.0 million or 5.5 percent from the first quarter 2010 ending balance of \$198.7 million. During the second quarter of 2010, we repurchased 4.4 million shares of our common stock, at an average price of \$24.57 per share, for \$107.2 million. Cash flow from operations during the second quarter of 2010 was \$104.2 million, up \$42.2 million or 67.9 percent from \$62.0 million in the first quarter of 2010.

Richard S. Hill, Chairman and Chief Executive Officer said, "This current upturn in semiconductor demand is being fueled by growth in a wide spectrum of electronics products. We anticipate that the "gentrification" of the worldwide communications infrastructure along with increased public-sector IT investment and growth in China consumerism will continue to support a multi-year recovery in the semiconductor equipment industry. In this robust environment, Novellus has continued to improve on all our operational metrics, while remaining on track with our financial business model." Hill also added, "We are very excited about our new suite of products for the advanced wafer level packaging (WLP) market. This includes the introduction of SABRE 3D, a new wet processing platform with launch applications focused on 3D interconnects. This new and growing market opportunity allows Novellus to leverage our leadership in interconnect technology and productivity to meet the new and ever more challenging technical requirements and cost constraints of 3D integration. We believe that the "New Vertical Reality" of semiconductor technology promises ever increasing value for our customers."

Management uses non-GAAP measures to evaluate operating performance. The discussion of bookings and shipments are not in accordance with GAAP and may differ from non-GAAP methods of accounting and reporting used by other companies. We discuss bookings and shipments because we believe these metrics assist investors to assess certain business trends in the same way that these trends are analyzed by management. 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) the continued support of a multi-year recovery in the semiconductor equipment industry; (ii) the growth of the 3D interconnect market; (iii) our ability to leverage our leadership in interconnect technology and productivity; (iv) continued improvement on operational metrics while remaining on track with our financial business model; and (v) the potential increasing value to our customers from the "New Vertical Reality" of semiconductor technology. 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) the failure of the economy, or the specific markets in which we operate, to continue to improve; (ii) increased competition from new competitors or current competitors with new products; (iii) our inability to maintain customer satisfaction; and (iv) other risks indicated in our filings with the Securities and Exchange Commission, including our Quarterly Report on Form 10-Q for the quarter ended March 27, 2010, 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.

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