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San Jose, Calif. -- Apr. 12, 1999 -- Novellus Systems, Inc. (Nasdaq NM: NVLS) today reported net sales and results of operations for its first quarter ended March 27, 1999. Net sales for the quarter were $115.2 million, an increase of 9 percent over fourth quarter 1998 net sales of $106.0 million, and a decrease of 29 percent over first quarter 1998 net sales of $163.2 million. Net income of $9.4 million and $0.25 per share was recorded for the first quarter of 1999, up 16 percent from fourth quarter 1998 net income of $8.1 million or $0.23 per share, and down 55 percent as compared to the first quarter 1998 net income of $21.0 million or $0.60 per share. The per share amounts are stated on a diluted basis.

During the quarter, Novellus completed a public offering of 3,860,000 shares of its Common Stock, resulting in net proceeds to the Company of approximately $255 million. After paying off $65 million of its long-term debt, cash and short-term investments at March 27, 1999 were $340.0 million, an increase of 160 percent over fourth quarter 1998 balances of $130.8 million.

The Company's book to bill ratio exceeded 1:1 for the first quarter of 1999.

"We were pleased with our first quarter results, especially the continued bookings momentum, as orders showed continued strength for the second consecutive quarter," said Richard Hill, Chairman and Chief Executive Officer. "We remain cautiously optimistic, as the industry continues along its path of recovery, that the Company's position in leading-edge products will enable it to benefit from the accelerating transition to advanced technologies."

"The proceeds from the offering of Common Stock during the quarter provides the Company with financial flexibility as it participates in the long-term growth potential of the industry," said Robert Smith, Executive Vice President and Chief Financial Officer. "In the near-term, our focus on asset management remains unchanged. Netting out the effects of the stock offering and the payment of our long-term debt, cash and short-term investment balances grew nearly $20 million from continuing operations."

Hill added, "Novellus remains committed to new product development and continuous improvement of existing products, as evidenced by our recent announcement of the SABRE-xT^{TM} copper electrofill system. Representing expertise gained from two years of production experience, the new tool features technology, productivity, and reliability enhancements designed to enable volume production of high aspect ratio, 0.13 micron copper interconnects. By providing our customers with innovative, leading-edge products and solutions, such as SABRE-xT, Novellus is well positioned for growth in the rapidly emerging market for copper-based devices."

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: The statements regarding (i) the industry's continuing path of recovery, (ii) the Company's position in leading-edge products enabling it to benefit from the accelerating transition to advanced technology, (iii) the long-term growth potential of the industry, (iv) the Company's continued focus on asset management, and (v) the Company's ability to continue to provide innovative, leading-edge products and solutions, positioning it for future growth in the rapidly emerging market for copper-based devices, as well as other matters discussed in this news release that are not purely historical data, are forward-looking statements. The forward-looking statements involve risks and uncertainties including, but not limited to, a possible slowdown in the industry recovery and new orders, the rate of customer transition to advanced technologies being slower than anticipated and the inability of the Company's product development efforts to continue its position as an industry leader in deposition technologies, particularly copper technologies, and other risks indicated in filings with the Securities and Exchange Commission (SEC). Actual results could differ materially. Novellus assumes no obligation to update this information. For more details, please refer to Novellus' SEC filings, including its most recent Annual Report on Form 10-K for the year ended 1998.

Novellus Systems, Inc. manufactures, markets, and services advanced automated wafer fabrication systems for the deposition of thin films. Novellus deposition systems are designed for high-volume production of advanced, leading-edge semiconductors at the lowest overall cost. The Company's stock trades on the Nasdaq Stock Market's National Market under the symbol "NVLS". Additional information about the company is available on the Novellus Systems home page on the World Wide Web, located at http://www.novellus.com.
