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San Jose, Calif. -- Apr. 17, 2000 -- Novellus Systems, Inc. (Nasdaq NM: NVLS) today reported record results for its first quarter ended April 1, 2000, with net sales of $274.1 million up 43 percent from $191.7 million for the fourth quarter of 1999, and up 138 percent from $115.2 million for the first quarter of 1999. Record net income of $57.5 million and $0.45 per share was recorded for the first quarter of 2000, up 75 percent from fourth quarter 1999 net income of $33.0 million or $0.27 per share, and up over 500 percent as compared to the first quarter 1999 net income of $9.4 million or $0.08 per share. The per share amounts are stated on a fully diluted basis.

Cash and short-term investments at April 1, 2000, were $450.2 million, an increase of $65.0 million over the fourth quarter 1999 balances of $385.3 million. Cash generation continued in the first quarter despite increased working capital requirements to support increased growth. Continued focus on collection activities resulted in a decrease of accounts receivable days' sales outstanding from 99 days at December 31, 1999 to 78 days for the first quarter of 2000.

Record bookings generated a book-to-bill ratio significantly greater than 1.0 for the first quarter of 2000. In addition to record shipments and bookings for the quarter, Novellus hit another record level in backlog.

Richard Hill, chairman and chief executive officer said: "Record bookings, revenues, and net income are the result of accelerated capital spending by our customers for expanded capacity and advanced technology. Bookings were strong across all geographic regions and sales of our core products remain robust."

"During the quarter we broadened the Damascus™ Alliance with the addition of GaSonics International Corp. (Nasdaq: GSNX). Under a cooperative agreement, Novellus and GaSonics, have agreed to develop and demonstrate a complete integrated process solution for photoresist and residue removal on next generation semiconductor devices."

Additionally Hill stated, "We are very pleased that during the quarter we were awarded a summary judgement against Semitool Inc. (Nasdaq: SMTL), in a patent infringement lawsuit filed by Semitool on August 10, 1998. This decision confirmed our position that the Semitool lawsuit had no merit on our copper electrofill tools. The summary judgment reflects recognition of Novellus' proprietary and unique technology, which has enabled us to become the first semiconductor equipment company to reach the one million copper wafer milestone, all of which were processed on our SABRE™ platform of copper electrofill tools."

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: The statements regarding (i) continued accelerated capital spending by our customers for capacity and technology, and (ii) strong bookings and robust sales of our core products, 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 customer capital spending, or a slowdown in customer orders in response to overall economic conditions, 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 1999.

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.

NOVELLUS SYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts)		Three Months Ended	
		April 1,	March 27,
		2000	1999

Net Sales		$274,071	$115,231
Cost of Sales		119,123	54,097
Gross Profit		154,948	61,134
Operating Expenses			
Research and Development		40,001	26,544
Selling, General and Administrative		37,030	21,871
Total Operating Expenses		77,031	48,415
Income from Operations		77,917	12,719
Interest Income, Net		5,486	1,348
Income before Income Taxes		83,403	14,067
Provision for Income Taxes		25,855	4,642
Net Income		$57,548	$9,425

Basic Net Income Per Share	$0.48	$0.09
Diluted Net Income Per Share	$0.45	$0.08
Shares Used in Basic Calculation	120,622	107,928
Shares Used in Diluted Calculation	129,142	113,393

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CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

	April 1, 2000	December 31, 1999
Assets		
Current Assets:		
Cash and Short-Term Investments	$450,217	$385,257
Accounts Receivable, Net	255,325	213,678
Inventories	119,674	103,883

Deferred Taxes and Other Current Assets	42,413		29,848	
Total Current Assets	867,629		732,666	
Property and Equipment, Net	107,549		106,779	
Other Assets	69,179		70,484	
Total Assets	$1,044,357		$909,929	
Liabilities and Shareholders' Equity				
Current Liabilities:				
Accounts Payable	$53,770		$43,438	
Short-Term Obligations	19,967		13,521	
Other Accrued Liabilities	91,888		83,271	
Total Current Liabilities	165,625		140,230	
Total Liabilities	165,625		140,230	
Shareholders' Equity:				
Common Stock	543,559		490,587	

Retained Earnings and Accumulated Other Comprehensive Income	335,173		279,112	
Total Shareholders' Equity	878,732		769,699	
Total Liabilities and Shareholders Equity	$1,044,357		$909,929	

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