NOVELLUS SYSTEMS REPORTS RESULTS FOR FIRST QUARTER 2001

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San Jose, Calif. -- Apr. 23, 2001 -- Novellus Systems, Inc. (Nasdaq NM: NVLS) today reported results for its first quarter ended March 31, 2001. Net sales of $458.7 million were up 3.6 percent from $442.7 million for the fourth quarter of 2000, and up 108.5 percent from $220.0 million for the first quarter of 2000. Excluding a one-time charge of $13.2 million in connection with the Companys acquisition of Gasonics, first quarter 2001 net income was $91.2 million or $0.62 per share. This represents a decrease of 8.7 percent from fourth quarter 2000 net income, excluding a one-time charge of $6.0 million for the write-off of in-process R&D, of $99.9 million or $0.68 per share, and an increase of 282.8 percent as compared to the first quarter 2000 net income of $23.8 million or $0.17 per share. First quarter 2001 net income, including the one-time charge for merger related costs, was $82.1 million or $0.55 per share. The results include Gasonics, which was acquired on January 10, 2001, and all per share amounts are stated on a fully diluted basis. The acquisition of Gasonics was accounted for as a pooling of interests. Accordingly, all financial information included herein has been restated to reflect the combined operations of Novellus and Gasonics.

Shipments of $413.1 million in the first quarter 2001 compared to $477.8 million in the fourth quarter of 2000, represent a decline of 13.5 percent. Deferred revenue at the end of the first quarter was $422.8 million.

Cash and short-term investments at March 31, 2001, were $1.2 billion, a decrease of $18.4 million over fourth quarter 2000 balances.

Richard Hill, chairman and chief executive officer said: "The first quarter results have begun to show the impact of the global slowdown in semiconductor capital spending. It is the most rapid decline we have seen in this industry. Despite the current downturn in our business, we are committed to investing in areas of research and development that we believe will continue to propel Novellus position as a technology leader. We continue to solidify our position in copper with the recent announcements of UMCs production order of SABRExT and TSMCs selection of the CORAL low-k family of diffusion barrier/etch stop dielectric films. In addition, the acquisition of Gasonics was completed during the first quarter and the integration is well underway."

Additionally Hill stated, "Our strategy is to exceed our customers expectations and in that regard, we are very proud to have been recognized by our customers for our efforts. During the first quarter, Intel selected Novellus to receive their prestigious Supplier Continuous Quality Improvement award for the year 2000. Novellus also received the Best Supplier award for 2000 from Samsung Electronics, and was the only non-Korean supplier to receive such an honor."

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: The statements regarding (i) the impact of a global slowdown in semiconductor capital spending, (ii) Novellus commitment to investing in areas of research and development that will continue to propel its position as a technology leader, (iii) Novellus continuing to solidify its position in copper, and (iv) Novellus strategy to exceed customers expectations, as well as other matters discussed in the 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 2000.

About Novellus Systems:
Novellus Systems Inc., an S&P 500 company, manufactures, markets and services advanced deposition and surface preparation equipment for today's advanced integrated circuits. The company's products are designed for high-volume production of advanced, leading-edge semiconductor devices at the lowest possible cost. Headquartered in San Jose, Calif., with subsidiaries throughout the U.S. as well as the United Kingdom, France, Germany, The Netherlands, Spain, Ireland, Israel, Italy, China, Japan, Korea, Singapore and Taiwan, Novellus is a publicly traded company on the Nasdaq stock exchange (Nasdaq: NVLS) and a component of the Nasdaq-100 Index®. Additional information about the company is available on Novellus' home page at www.novellus.com.

NOVELLUS SYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts)	Three Months Ended	
	March 31,	April 1,
	2001	2000
Net Sales	$458,705	$219,958
Cost of Sales	203,720	102,793
Gross Profit	254,985	117,165
Operating Expenses		
Selling, General and Administrative	68,906	44,139
Research and Development	70,491	44,368
Merger Related Costs	13,160	-
Total Operating Expenses	152,557	88,507
Income from Operations	102,428	28,658
Interest Income, Net	16,561	5,793
Income before Income Taxes	118,989	34,451
Provision for Income Taxes	36,886	10,634

Net Income		$82,103	$23,817
Basic Net Income Per Share		$0.58	$0.19
Diluted Net Income Per Share		$0.55	$0.17
Shares Used in Basic Calculation		141,009	128,245
Shares Used in Diluted Calculation		148,108	137,076

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CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)				
		March 31,	December 31,	
		2001	2000	
Assets				
Current Assets:				
Cash and Short-Term Investments		$1,199,952	$1,218,339	
Accounts Receivable, Net		338,203	401,716	

Inventories		235,748	205,935	
Deferred Taxes and Other Current Assets		150,280	156,028	
Total Current Assets		1,924,183	1,982,018	
Property and Equipment, Net		176,463	151,407	
Other Assets		85,276	79,177	
Total Assets		$2,185,922	$2,212,602	
Liabilities and Shareholders' Equity				
Current Liabilities:				
Accounts Payable		$249,955	$296,112	
Deferred Profit		133,441	193,967	
Income Tax Payable		31,587	58,407	
Short-Term Obligations		28,517	20,792	
Total Current Liabilities		443,500	569,278	
Total Liabilities		443,500	569,278	
Shareholders' Equity:				

Common Stock	1,211,338	1,201,547
Retained Earnings and Accumulated Other Comprehensive Income	531,084	441,777
Total Shareholders' Equity	1,742,422	1,643,324
Total Liabilities and Shareholders Equity	$2,185,922	$2,212,602

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SUPPLEMENTAL FINANCIAL INFORMATION (1)

(in thousands except per share amounts)

(Unaudited)

	Three Months Ended
	March 31,
	2001
Pro forma operating income	$115,588
Pro forma income before income taxes	$132,149

Pro forma provision for income taxes	40,970
Pro forma net income	$91,179
Pro forma net income per share	$.62
Shares used in computing pro forma net income per share	148,108

(1) The Company reported net income of $82.1 million or $.55 per share for the quarter ended March 31, 2001,which includes a pre-tax one-time charge totaling approximately $13.2 million as previously discussed. This supplemental financial information does not purport to be financial statements prepared in accordance with generally accepted accounting principles. The information in the table shows operating income, net income and fully diluted net income per share excluding the one-time charge.
