NOVELLUS SYSTEMS REPORTS RESULTS FOR SECOND QUARTER 2001

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San Jose, Calif. -- Jul. 16, 2001 -- Novellus Systems, Inc. (Nasdaq NM:NVLS) today reported results for its second quarter ended June 30, 2001. Net sales for the quarter were $376.9 million, up 3.6 percent from $364.0 million in the second quarter of 2000, and down 17.8 percent from $458.7 million for the first quarter of 2001. Net income for the second quarter of 2001 was $59.2 million or $0.40 per fully diluted share, down 25.9 percent from $0.54 per fully diluted share in the second quarter of 2000 and down from $0.55 per fully diluted share or 27.3 percent in the first quarter of 2001. The results include Gasonics, which was acquired on Jan. 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 $247.6 million in the second quarter of 2001 represent a decline of 40 percent compared to $413.1 million reported in the first quarter of 2001. Deferred revenue at the end of the second quarter was $293.5 million.

Cash and short-term investments at June 30, 2001, were $1.254 billion, an increase of 4.5 percent or $54.4 million over the first quarter 2001 balance of $1.2 billion.

"Despite the current industry downturn, we are proud of the company's performance during the quarter," said Robert Smith, Novellus' executive vice president and chief financial officer. "The continued focus on cost-control measures resulted in an 8.8 percent decrease in operating expenses from the previous quarter, excluding one time merger related charges. These efforts helped us to post a sequential increase in cash and short-term investment balances for the quarter."

Richard Hill, Novellus' chairman and chief executive officer said, "The second quarter results continue to reflect the reduction of capital spending by semiconductor manufacturers. While capacity purchases have slowed considerably, we continue to see a strong interest in our advanced technology products."

Additionally, Hill stated, "There is significant uncertainty in the semiconductor industry at this time as both end-user markets in computers and telecommunications remain weak. However, there is no uncertainty that the industry is moving rapidly to copper interconnects, and our portfolio of products such as VECTOR™, INOVA™ and SABRE™ continue to demonstrate the superior performance our customers are looking for. Key strategic wins with 300 mm INOVA barrier seed, and 300 mm VECTOR, combined with greater than 50 percent market share with SABRE electrofill, position us well to take advantage of the next growth cycle."

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: The statements regarding (i) the reduction in capital spending by semiconductor manufacturers, (ii) the slowing of capacity purchases by semiconductor manufacturers, (iii) continued strong interest in advanced technology products, (iv) uncertainty in the semiconductor industry, (v) weak end markets in computers and telecommunications, (vi) industry's rapid move to copper interconnects, and (vii) Novellus' portfolio of products, such as VECTOR, INOVA, and SABRE continue to demonstrate superior performance our customers are looking for, and (viii) the Company's being well positioned to take advantage of the next growth cycle, 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 acceleration of the slowdown in customer capital spending, or acceleration of the slowdown in customer orders in response to overall economic conditions, possible changed focus by customers on traditional technology, increasing weakness in markets other than computers and telecommunications, a slowdown in the move toward copper interconnects, the possible decreased role of copper in the next industry upturn and other risks indicated in our 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			Six Months Ended	
(Unaudited)	June 30, 2001	July 1,		June 30,	July 1,

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