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San Jose, Calif. -- Jul. 19, 2001 -- Novellus Systems, Inc. (Nasdaq NM:NVLS), the productivity and innovation leader in thin film deposition and surface preparation technology for the global semiconductor industry, today announced that it has agreed to the sale of 30-year, zero-coupon convertible debentures. The debentures were priced with a zero coupon and zero yield to maturity and a conversion premium of 52 to 55 percent based on the closing price of the company's common stock on July 19, 2001. The company anticipates gross proceeds of the offering of $800 million before any exercise of an $80 million over-allotment option. The company stated that it intends to use the net proceeds of the offering for general corporate purposes, including working capital.

Each debenture will be issued at a price of $1,000. The debentures will be convertible at the option of the debenture holder into shares of Novellus common stock at a fixed ratio per debenture of approximately 13.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The securities to be offered will not be registered under the Securities Act of 1933, as amended, or applicable state securities laws, and are only being offered to qualified institutional buyers in reliance on Rule 144A under the Securities Act. Unless so registered, the notes and any common stock issued upon conversion of the notes may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws.

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.

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