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San Jose, Calif. -- Jul. 26, 2001 -- Novellus Systems, Inc. (Nasdaq:NVLS), the productivity and innovation leader in thin film deposition and surface preparation technology for the global semiconductor industry, today announced that it has completed its previously announced offering of 30-year zero-coupon, zero-yield convertible subordinated notes due 2031, known as LYONs. The gross proceeds from the offering were approximately $880 million (including an additional amount of $80 million representing an exercise of the over-allotment option). Certain proceeds from the sale of the LYONs will be pledged to secure Novellus' obligations under the LYONs until July 26, 2002, including NovellusÕ obligation to purchase some or all of the LYONs on July 26, 2002 for cash. Upon the expiration of the obligations under the pledge account, the company intends to use the net proceeds of the offering, if any, for general corporate purposes, including working capital.

Robert H. Smith, Novellus' executive vice president and chief financial officer, remarked, "We are extremely pleased with this financing. We believe it is an opportune time to access the capital markets and gain additional financial flexibility."

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 todayÕs advanced integrated circuits. The companyÕs 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 NovellusÕ home page at www.novellus.com.

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