NOVELLUS SYSTEMS REPORTS RESULTS FOR SECOND QUARTER 2002

NOVELLUS SYSTEMS REPORTS RESULTS FOR SECOND QUARTER 2002 SAN JOSE, Calif., July 22-- Novellus Systems, Inc. (Nasdaq: NVLS - News) today reported results for its second quarter ended June 29, 2002. Net sales for the quarter were $222.1 million, down 41.1 percent from $376.9 million in the second quarter of 2001, and up 30.9 percent from $169.7 million for the first quarter of 2002. Net income for the second quarter of 2002 was $12.0 million or $0.08 per fully diluted share, down 79.7 percent from $0.40 per fully diluted share in the second quarter of 2001 and up from $0.03 per fully diluted share or 213.2 percent in the first quarter of 2002, which included a net special benefit totaling $4.4 million and a $4.6 million gain on the sale of an investment.

Shipments of $241.4 million in the second quarter of 2002 represent an increase of 64.1 percent compared to $147.1 million reported in the first quarter of 2002. Deferred revenue at the end of the second quarter increased 16.4 percent to $136.6 million, from $117.4 million in the first quarter of 2002, due to increased shipments in the second quarter of 2002.

Restricted and unrestricted cash and short-term investments at June 29, 2002, were $1.814 billion, a decrease of 7.6 percent or $149.9 million over the first quarter 2002 balance of $1.964 billion.

Richard S. Hill, chairman and chief executive officer, said, "We remain committed to our strategy of continued investment in advanced products and technology despite the cyclical environment of our industry. The benefits of investments made in prior downturns are reflected in our financial results and our ability to gain market share in key areas."

Hill continued, "This quarter we shipped our 100th SABRE® system, which underscores Novellus' dominant share of the copper deposition market and leading competitive position. Additionally, we expanded our engineering and manufacturing infrastructure with the opening of a new facility in Oregon. This facility is designed to produce our copper metallization and damascene dielectric deposition tools, which is timely given the semiconductor industry's mainstream transition to the use of copper in the ICs that power today's sophisticated consumer electronic devices."

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: The statements regarding (i) Novellus' commitment to a strategy of continued investment in advanced products and technology, and (ii) the semiconductor industry's transition to the use of copper, 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 shift in demand from advanced products and technology to conventional products and technology, a slowdown in the move toward copper interconnects and other risks indicated in our filings with the Securities and Exchange Commission (SEC). Actual results could differ materially from those set forth in the forward-looking statements. Novellus assumes no obligation to update this information. For more details, relating to risks and uncertainties that could cause actual results to differ from those anticipated in our forward-looking statements, and risks to Novellus' business in general, please refer to Novellus' SEC filings, including its most recent Annual Report on Form 10-K for the year ended December 31, 2001, and its Quarterly Report on Form 10-Q for the quarter ended March 30, 2002.

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 United States as well as in the United Kingdom, France, Germany, The Netherlands, Ireland, Israel, Italy, India, China, Japan, Korea, Malaysia, Singapore and Taiwan, Novellus is a publicly traded company on the Nasdaq stock exchange 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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