NOVELLUS SYSTEMS REPORTS FIRST QUARTER 2004 RESULTS

SAN JOSE, Calif., April 12, 2004--Novellus Systems, Inc. (Nasdaq NM: NVLS) today reported the results of operations for its first quarter ended March 27, 2004. First quarter 2004 net sales were $262.9 million, up 16.0 percent from $226.5 million in the previous quarter, and up 10.3 percent from first quarter 2003 net sales of $238.4 million. The net income for the quarter was $16.7 million, or $0.11 per diluted share, compared with fourth quarter 2003 net income of $10.5 million, or $0.07 per diluted share, and first quarter 2003 net income of $11.9 million, or $0.08 per diluted share.

The first quarter 2004 results include a $2.5 million pre-tax litigation settlement. Without this charge, the first quarter 2004 net income would have been $18.5 million, or $0.12 per diluted share. The first and fourth quarter 2003 results did not include any unusual charges or benefits.

Shipments for the first quarter 2004 were $311.0 million, up $82.9 million, or 36.3 percent, from $228.1 million reported in the prior quarter. Deferred revenue at the end of the first quarter was $153.2 million, an increase of $48.1 million, or 45.8 percent, from $105.1 million at the end of the fourth quarter.

The financial measures set forth above, which present net income excluding an unusual charge and revenue on a shipment basis, are not in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP). The Company believes that these non-GAAP financial measures provide further insight into the results of ongoing operations and enhance the comparability of those results to results in prior periods because they assist shareholder understanding of the effect of an unusual charge on the quarter's results and allow comparability to the more traditional shipment method of revenue recognition.

Cash, cash equivalents and short-term investments as of March 27, 2004 were $1,032.7 million, an increase of $30.6 million, or 3.1 percent, from the fourth quarter 2003 ending balance of $1,002.1 million.

"We experienced another strong quarter in operating results and bookings, as our success in 300 mm continues to propel our business," said Richard S. Hill, chairman and chief executive officer of Novellus Systems, Inc. "We have invested in a new and differentiated atomic layer deposition (ALD) technology targeted at copper barrier applications at the 45 nanometer node and beyond. The acquisition of Angstron provides a key technology that will enable our continued growth in this nanoelectronics era," said Hill.

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995:

The statements regarding (i) Novellus' success in 300 mm propelling its business, and (ii) the key role of the Angstron technology in enabling Novellus to continue its growth in nanoelectronics, as well as other matters discussed in this news release that do not concern purely historical data, are forward-looking statements. The forward-looking statements involve risks and uncertainties, including, but not limited to, a reversal or slowing in the rate of capital investment by semiconductor manufacturers in 300 mm technology, the failure of Angstron's technology to complement or broaden Novellus' current technology, and other risks and uncertainties discussed in our filings with the Securities and Exchange Commission (SEC). Actual results could differ materially. We assume 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 our business in general, please refer to our SEC filings, including our Annual Report on Form 10-K for the year ended December 31, 2003.

About Novellus:

Novellus Systems, Inc., an S&P 500 company, manufactures, markets and services advanced deposition, surface preparation and chemical mechanical planarization equipment for today's advanced integrated circuits. Our 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, Italy, Israel, India, China, Japan, Korea, Malaysia, Singapore and Taiwan, we are a publicly traded company on the Nasdaq stock exchange (Nasdaq: NVLS) and a component of the Nasdaq-100 Index®. Additional information about Novellus is available on our home page at www.novellus.com

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