UMC Takes Delivery Of 250th VECTOR® PECVD System From Novellus

SAN JOSE, Calif., Sept. 1, 2004--Novellus Systems, Inc. (Nasdaq NM: NVLS), the productivity and innovation leader in advanced deposition, surface preparation and chemical mechanical planarization processes for the global semiconductor industry, today shipped multiple VECTOR plasma-enhanced chemical vapor deposition (PECVD) systems to one of Taiwan's leading foundries, UMC. Among the shipment is Novellus' 250th VECTOR, marking a significant order milestone for the tool since its introduction in late 2000, and greatly expanding the company's installed base within the foundries of Asia.

The 300-mm systems will be deployed by UMC to enhance existing capabilities for depositing fluorinated silicon glass (FSG), silicon nitride (SiN) diffusion barriers, silicon oxynitride (SiON) intermediate etch stop layers, and high mechanical strength CORAL® low-k films for 90-nm silicon produced at the foundry's fab 12A. These tools will also be utilized at UMC's research and development (R&D) line for advanced silicon carbide (SiC) diffusion barriers and low-stress CORAL film qualification for 65-nm applications.

"VECTOR meets the stringent performance, throughput and cost-of-ownership criteria for our 300-mm, 90-nm volume production environment," said UMC's fab 12A director, Chia Pin Lee. "The tool's superior technical performance, high productivity, versatile film deposition qualities and extendibility features continue to be its key selling points. Our goal is to exploit the VECTOR platform to meet our existing production needs and further our aggressive R&D program."

Novellus' VECTOR system is a highly productive and reliable PECVD tool for 300-mm applications. A leading choice for the deposition of today's most commonly used FSG, Anti-Reflective (PEARL®) layers and USG films, the VECTOR platform is also equipped with features that enable the deposition of advanced films, such as Novellus' CORAL low-k family of films and SiC-based diffusion barrier films for 90-nm technology nodes and below. Such extendibility, along with a low cost of ownership, has earned VECTOR a solid production position in UMC's fabs.

Said Novellus' executive vice president of sales, service and marketing, Tom St. Dennis, "We're glad to see our 250th VECTOR go to UMC. As an early adopter of this tool, we're pleased that the foundry continues to leverage the system's advanced processing capabilities to generate today's high-value devices and develop those that are on its future roadmap."

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

The statements regarding (i) the extendibility and low cost of ownership of the VECTOR platform and (ii) UMC's continued use of VECTOR, 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, unanticipated problems with VECTOR's extendibility, increased operating costs for VECTOR tools, UMC's selection of a competitor's tools for its fabs 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 and our Quarterly Reports on Form 10-Q for the quarters ended March 27, 2004 and June 26, 2004.

About VECTOR:

Introduced in 2000, VECTOR is a 300-mm MSSD (Multi-Station Sequential Deposition) based PECVD system that delivers superior film performance with high capital productivity. Taking up approximately two-thirds the footprint of its nearest competitor, and with one-third the number of critical subassemblies, VECTOR has challenged the equipment industry paradigm that 300-mm systems must be larger and more complex than their 200-mm predecessors. The VECTOR is optimized to deposit our CORAL family of low-k films, and can deliver a fully integrated damascene dielectric film stack at 90 nm and below.

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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