NOVELLUS SYSTEMS REPORTS FIRST QUARTER RESULTS

SAN JOSE, Calif., April 18, 2007—Novellus Systems, Inc. (NASDAQ: NVLS) today reported net sales and results of operations for its first quarter ended March 31, 2007. Net sales for the first quarter were $397.0 million, down $41.5 million or 9.5 percent from fourth quarter 2006 net sales of $438.5 million, and up $31.1 million or 8.5 percent from first quarter 2006 net sales of $365.9 million. Net income for the first quarter was $53.8 million, or $0.42 per diluted share, up $11.2 million or 26.3 percent from fourth quarter 2006 net income of $42.6 million, and up $29.1 million or 117.6 percent from first quarter 2006 net income of $24.7 million.

The first quarter 2007 results did not include any unusual charges or benefits. Excluding certain unusual charges and benefits, fourth quarter 2006 net income would have been $79.0 million, or $0.63 per diluted share and first quarter 2006 net income would have been $33.5 million, or $0.25 per diluted share. A reconciliation of pro forma operating results to U.S. generally accepted accounting principles ("GAAP") results is included below.

Bookings in the first quarter were $412.2 million, down 6.7 percent from fourth quarter 2006 bookings of $441.6 million. Shipments of $389.1 million in the first quarter represent a decrease of $1.1 million or 0.3 percent from $390.2 million reported for fourth quarter 2006. Deferred revenue at the end of the first quarter was $89.4 million, a decrease of $10.9 million or 10.9 percent from $100.3 million at the end of the fourth quarter of 2006.

Cash, cash equivalents, restricted cash and short-term investments as of March 31, 2007 were $1.0 billion, essentially unchanged from the fourth quarter 2006.

The financial measures set forth above that present net income excluding certain charges and benefits, revenue on a shipments basis and bookings, are not in accordance with GAAP. We believe that these non-GAAP financial measures provide further insight into the results of operations and enhance the consistency and comparability of those results to results in prior periods because they assist shareholder understanding of the effects of certain charges and benefits on the quarter's results.

"The first quarter results represent another solid quarter of execution," said Richard S. Hill, Chairman of the Board and CEO. "We remain focused on initiatives to strengthen our product portfolio and improve our customer responsiveness, which will enable us to grow our market share and improve our financial performance."

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

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding (i) our belief that the non-GAAP measures will provide shareholders further insight into the results of operations and enhance the consistency and comparability of those results to results in prior periods, (ii) our continued progress to improve our bottom line performance resulting from the initiatives we have taken to strengthen our product portfolio and improve customer responsiveness and (iii) our expectation that these activities will enable us to grow our market share, as well as other matters discussed in this news release that are not purely historical data, are forward-looking statements. Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those contemplated by such statements. These risks and uncertainties include, but are not limited to, the inability of the non-GAAP measures to provide shareholders further insight into the results of operations and enhance the consistency and comparability of those results to results in prior periods, the Company's ability to accurately assess and strengthen the Company's product portfolio and financial operating model due to market fluctuations and unanticipated economic and industry downturns; the Company's ability to continue to improve its customer responsiveness; and other risks indicated in our filings with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K for the year ended December 31, 2006 and our Current Reports on Form 8-K and amendments to such reports. Forward-looking statements are made and based on information available to us on the date of this press release. We do not assume, and expressly disclaim, any obligation to update this information.

About Novellus:

Novellus Systems, Inc. (NASDAQ: NVLS) is a leading provider of advanced process equipment for the global semiconductor industry. The Company's products deliver value to customers by providing innovative technology backed by trusted productivity. An S&P 500 company, Novellus is headquartered in San Jose, CA with subsidiary offices across the globe. For more information please visit www.novellus.com

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