Novellus Systems Updates Second Quarter Guidance

SAN JOSE, Calif., June 28, 2007Novellus Systems, Inc. (NASDAQ: NVLS), today announced it expects second quarter bookings, shipments, revenues and earnings per share to come in at the low end of the guidance ranges provided during the mid-quarter update conference call on May 31st 2007. In addition, the company anticipates weakening semiconductor equipment industry demand and as a result is taking preemptive actions, which will reduce expenses in the second half of 2007. These expense control initiatives include a reduction of executive salaries for the remainder of 2007 and company shutdowns in both the third and fourth quarters.

The company will report second quarter results and provide guidance on third quarter forecasted results on July 16th.

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

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) the expected level of second quarter operating results; (ii) expected weakening of semiconductor equipment demand; (iii) preemptive actions being taken to reduce expenses in the second half of 2007; (iv) the planned reduction of executive salaries and planned company shutdowns occurring in both the third and fourth quarters; and (v) other matters discussed in this news release that are not purely historical data. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. These risks and uncertainties include, but are not limited to: (i) the level of bookings not reaching the currently expected level due to customer cancellations or "push-outs" of orders, the acceptance of equipment by customers in the second quarter not being at a level sufficient to meet the currently expected revenue level, and expenses being greater than currently expected for the second quarter; (ii) semiconductor equipment demand weakening to a greater or lesser degree than expected which could result in the preemptive actions being taken being insufficient , or in excess of those needed, to meet the actual demand that materializes; (iii) the acceleration or deferral of salary reductions or company shutdowns in order to meet actual demand as it materializes; and (iv) other risks indicated in our filings with the Securities and Exchange Commission , including our Annual Report on Form 10-K for the year ended December 31, 2006, our report on Form 10Q for the first quarter of 2007, and our Current Reports on Form 8-K and amendments to such reports filed during 2007. 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.
