Novellus Systems Sets New Industry Benchmark for PECVD Throughput with VECTOR Extreme

San Jose, Calif., – July 16, 2007 – Novellus Systems, Inc. (Nasdaq: NVLS) today launched VECTOR Extreme™ plasma enhanced chemical vapor deposition (PECVD) system – the industry's fastest PECVD tool with a throughput of up to 250 wafers per hour. VECTOR Extreme helps chipmakers reduce average process cycle times by more than 40 percent as compared to other systems available in the market. Wafer inventory in the fab is also substantially reduced, giving customers the flexibility to respond to ongoing changes in semiconductor market demand.

The increasing demand for solid-state memory in consumer electronics and computer products has fuelled a sharp rise in the capacity of fabs built to manufacture DRAM and NAND Flash memory devices. With more than twenty PECVD processing steps required to fabricate a typical memory device, PECVD system throughput is becoming an increasingly important factor in the total cycle time and wafer inventory levels at these state-of-the-art high capacity memory fabs.

Novellus' VECTOR Extreme platform delivers the industry's highest PECVD throughput by integrating up to three multi-station sequential process modules with as many as 12 deposition stations onto a central wafer-handling chamber. When using this configuration to deposit thicker films commonly used in memory device fabrication, VECTOR Extreme delivers more than twice the throughput of its nearest competitor.

"As memory fabs come on-line with planned capacities of more than 100,000 wafer starts per month, a new PECVD market segment is emerging with unique system throughput requirements," said Tim Archer, senior vice president and general manager of Novellus' Dielectric Business Group. "VECTOR Extreme has captured the attention of these mega-fabs, where the tool's high throughput allows them to reduce total tool count and shorten fab cycle time, thereby minimizing wafer inventory and ultimately lowering their end product cost."

Other PECVD products from Novellus' VECTOR family include VECTOR Express™, launched in March 2007, and VECTOR Express with Ashable Hard Mask (AHM), launched in June 2007. VECTOR Express has received rapid worldwide market acceptance since its launch and is now shipping in volume.

Shipments of VECTOR Extreme for volume production are expected to start in the second half of 2007. VECTOR Extreme achieves industry-leading throughput while maintaining process transparency to Novellus Systems' production-proven VECTOR Express PECVD system.

About VECTOR

Introduced in 2000, VECTOR revolutionized the 300 mm PECVD market. The industry-leading system is capable of depositing all dielectric films required for advanced dual damascene structures, and is the production tool of choice with the largest installed base of 300 mm systems. The tool's simple design ensures high system reliability and uptime.

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, Calif. 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 that (i) the PECVD system throughput is becoming an increasingly important factor in the total cycle time and wafer inventory levels at state-of-the-art high-capacity memory fabs, (ii) the Company's belief that a new PECVD market segment is emerging with unique system throughput requirements, (iii) the Company's belief that VECTOR Extreme has captured the attention of megafabs, allowing the megafabs to reduce total tool count and shorten fab cycle time, thereby minimizing wafer inventory and ultimately lowering their end product cost and (iv) the Company's expectation that shipments of VECTOR Extreme for volume production will begin in the second half of 2007. Forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those contemplated by the forward-looking statements. Such risks and uncertainties include, but are not limited to, uncertainties related to the importance of PECVD system throughput as a factor in the total cycle time and wafer inventory levels at the state-of-the-art memory fabs, failure to accurately predict whether a new PECVD market segment is emerging with unique throughput requirements, the market impact of VECTOR Extreme contributing to a minimization of wafer inventory and lowering the end product and cost to megafabs utilizing VECTOR Extreme, unforeseen disruptions in the manufacturing and production of VECTOR Extreme impacting volume production and introduction into the market, as well as

other risks indicated in our filings with the Securities and Exchange Commission (SEC). For more details, please refer to our SEC filings and the amendments thereto, including our Annual Report on Form 10-K for the year ended December 31, 2006, our Quarterly Reports on Form 10-Q for the quarter ended March 31, 2007 and our Current Reports on Form 8-K. Forward-looking statements are made and based on information available to us on the date of this press release, and we assume no obligation to update them.

VECTOR Extreme and VECTOR Express are trademarks of Novellus Systems, Inc.

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