NOVELLUS REDUCES FOURTH QUARTER EARNINGS GUIDANCE

SAN JOSE, Calif., December 9, 2008 - Novellus Systems, Inc. (NASDAQ: NVLS), today announced that its financial results for the fourth fiscal quarter ending December 31, 2008 are expected to be below the low end of the guidance ranges for bookings, shipments, revenues, and earnings per share, which were communicated in its mid-quarter update conference call on November 20, 2008.

Increasing weakness seen in the last week at Korean memory customers has caused the push out of equipment bookings and shipments which will negatively impact Novellus' revenues and earnings in the fourth quarter 2008 and into 2009. Visibility is extremely limited at this time, however, Novellus expects an incremental reduction of at least ten percent in bookings, shipments and revenue for the fourth quarter, which is expected to result in a net loss per share of at least $0.15 before charges related to restructuring and/or goodwill impairment.

As a result of continued deterioration in business conditions, Novellus will expand its cost cutting and restructuring plans. This includes approximately a ten percent reduction in its global workforce through a combination of attrition and layoffs which will generally be concluded by January 31, 2009. Novellus expects to incur approximately $12 million in related restructuring and asset impairment charges in the fourth quarter. As previously announced the company is also currently evaluating the $238 million of goodwill on the balance sheet for potential impairment which may result in additional non-cash charges.

"We were quick to respond to weakening business conditions early in 2008 and reduced operating expenses to $105 million by the end of the third quarter, exceeding our goal of $110 million," said Richard S. Hill, Chairman and CEO. "Unfortunately, the current environment warrants deeper cost reductions, in order to reach a lower cash breakeven level, which we are focused on achieving and we will be taking steps toward that goal by the end of January 2009. In addition to headcount reductions, my salary will be reduced by 50 percent and I will not participate in the bonus program nor will I receive stock or option grants for 2009."

"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 expectation that our previously communicated financial results for the fourth fiscal quarter ending December 31, 2008 will be below the low end of the guidance ranges for bookings, shipments, revenues and earnings per share, , (ii) that the increasing weakness in the last week at Korean memory customers has caused the push out of bookings and shipments which we believe will negatively impact our revenues and earnings in the fourth quarter 2008 and into 2009, (iii) our expectation of an incremental reduction of at least ten percent in bookings, shipments and revenues for the fourth quarter which we expect to result in a net loss per share of at least $0.15 before charges related to restructuring and/or goodwill impairment , (iv) our plan to implement and expand cost cutting and restructuring plans, including a ten percent reduction in our global work force through a combination of attrition and layoffs which we expect to conclude by January 31, 2009, (v) our expectation that we will incur approximately $12 million in related restructuring and asset impairment charges in the fourth quarter, (vi) our plan to evaluate the $238 of goodwill on the balance sheet for potential impairment which may result in additional non-cash charges, (vii) our plan to take steps toward reaching a lower cash breakeven level by the end of January 2009, as well as (viii) other matters discussed in this press release that are not purely historical data, all of which 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, unexpected delays affecting our ability to realize targeted expense reductions through a combination of attrition and layoffs, inability to sufficiently reduce our operational expenses and maintain our current cash breakeven level, inability to accurately predict global economic conditions and its affect upon our performance, lower than expected revenues during the fourth quarter , as well as 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, 2007, our Quarterly Reports on Form 10-Q for the quarters ended March 29, 2008, June 28, 2008 and September 27, 2008, respectively 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, Calif. with subsidiary offices across the globe. For more information please visit www.novellus.com

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