NOVELLUS SYSTEMS REPORTS FIRST QUARTER RESULTS

SAN JOSE, Calif., April 21, 2010Novellus Systems, Inc. (NASDAQ: NVLS) today reported operating results for its first quarter ended March 27, 2010. Net sales for the first quarter of 2010 were $276.2 million, up $32.0 million or 13.1 percent from fourth quarter 2009 net sales of $244.2 million, and up $177.3 million or 179.3 percent from first quarter 2009 net sales of $98.9 million. Net income for the first quarter of 2010 was $41.3 million, or $0.43 per diluted share, up $6.1 million from fourth quarter 2009 net income of $35.2 million, or $0.36 per diluted share. The first quarter 2009 net loss was $66.4 million, or $0.69 per diluted share.

First quarter 2010 results of operations include $4.4 million for legal fees incurred in conjunction with the Linear Technology Corporation (Linear) trial, $0.9 million in charges related to the consolidation of manufacturing facilities in Tualatin, Oregon and $0.7 million in other charges primarily due to reductions in workforce. First quarter 2010 net income without those items was $45.5 million, or $0.47 per diluted share. Excluding certain charges, fourth quarter 2009 net income was $38.6 million, or $0.40 per diluted share, and first quarter 2009 net loss was $45.3 million, or $0.47 per diluted share. A reconciliation to U.S. generally accepted accounting principles ("GAAP") of our non-GAAP operating results is included below.

Bookings in the first quarter of 2010 were $321.4 million, up $63.8 million or 24.7 percent from fourth quarter 2009 bookings of $257.6 million. First quarter 2010 shipments of $282.8 million were up by $38.3 million or 15.7 percent from $244.5 million reported for the fourth quarter of 2009. Deferred revenue at the end of the first quarter of 2010 was $37.5 million, an increase of $6.2 million or 19.9 percent from $31.3 million at the end of the fourth quarter of 2009.

Cash, cash equivalents, and short-term investments as of March 27, 2010 were $552.9 million, an increase of $51.5 million or 10.3 percent from the fourth quarter 2009 ending balance of $501.4 million. Long-term investments and restricted cash and cash equivalents as of March 27, 2010 were $198.7 million, a decrease of $13.2 million or 6.2 percent from the fourth quarter 2009 ending balance of $211.9 million. During the first quarter of 2010, we purchased approximately 0.7 million shares of our common stock, at an average price of $21.50 per share, for $15.2 million.

Richard S. Hill, Chairman and Chief Executive Officer said, "There continues to be strong demand for personal computers from both the consumer and corporate sectors. This bodes well for continued capacity expansion in the semiconductor industry. We are very pleased with our strong operating performance this quarter and believe we can continue to improve on all key financial metrics." Hill also added, "Looking forward, we expect our business prospects to continue to be good. We are executing on all major fronts, with a leading edge product portfolio and a solid financial model that we believe will help us to deliver exceptional operating results. Our employees have done a great job in weathering the financial crisis that gripped the globe and positioned Novellus to emerge a much stronger company."

Management uses non-GAAP measures to evaluate operating performance. The presentation of net income (loss) excluding certain charges and benefits and the discussion of revenue on a shipments basis are not in accordance with GAAP and may differ from non-GAAP methods of accounting and reporting used by other companies. We present net income (loss) on a pro forma basis, excluding certain charges and benefits, because we believe this helps both management and investors to assess the operating performance of our business by comparing it to prior periods on a more consistent basis. A reconciliation between our GAAP and non-GAAP results is provided below. Non-GAAP numbers are merely a supplement to, and not a replacement for, GAAP financial measures.

"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 the statements regarding (i) the continued expansion in the semiconductor industry; (ii) continued improvement in all areas of our operating performance; (iii) our expectation that our business prospects will continue to be good; (iv) the ability of our leading edge product portfolio and solid financial model to continue delivering superior results; and (v) our positioning for the future. 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 (i) our inability to sufficiently reduce and manage our cost structure; (ii) increased competition from new competitors or current competitors with new products; (iii) our inability to accurately predict our customers' capital spending; (iv) our inability to maintain customer satisfaction; (v) the failure of the economy, or the specific markets in which we operate, to improve; and (vi) 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, 2009, 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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