NOVELLUS SYSTEMS REPORTS FIRST QUARTER RESULTS

SAN JOSE, Calif., April 27, 2011-Novellus Systems, Inc. (NASDAQ: NVLS) today reported operating results for its first quarter ended March 26, 2011. Net sales for the first quarter were $413.2 million, up $28.8 million or 7.5 percent from fourth quarter 2010 net sales of $384.4 million, and up $137.0 million or 49.6 percent from first quarter 2010 net sales of $276.2 million. Net income for the first quarter was $96.4 million, or $1.04 per diluted share, up $14.9 million from fourth quarter 2010 net income of $81.5 million, or $0.89 per diluted share. The first quarter 2010 net income was $41.3 million, or $0.43 per diluted share.

Bookings in the first quarter of 2011 were $415.1 million, up $4.5 million or 1.1 percent from fourth quarter 2010 bookings of $410.6 million. First quarter shipments of $376.9 million were down $41.0 million or 9.8 percent from $417.9 million in the fourth quarter 2010. Deferred revenue at the end of the quarter was $43.9 million, a decrease of $31.9 million or 42.1 percent from $75.8 million at the end of the fourth quarter 2010. Deferred revenue in the first quarter 2011 and fourth quarter 2010 included $25.4 million and $59.7 million, respectively, related to system sales.

Cash, cash equivalents, and short-term investments at the end of the first quarter 2011 were $638.5 million, a decrease of $32.8 million or 4.9 percent from the fourth quarter 2010 ending balance of $671.3 million. Long-term investments and restricted cash and cash equivalents at the end of the first quarter 2011 were $196.9 million, an increase of $7.0 million or 3.7 percent from the fourth quarter 2010 ending balance of $189.9 million. During the first quarter 2011, we repurchased 5.1 million shares of our common stock under our stock repurchase program, at an average price of $39.37 per share, for $200.1 million. Cash flows from operations during the first quarter of 2011 were $83.8 million, down $4.6 million or 5.2 percent from $88.4 million in the fourth quarter of 2010, and up $21.8 million or 35.2 percent from $62.0 million in the first quarter of 2010.

Richard S. Hill, Chairman and Chief Executive Officer said, "I'm pleased to report another solid quarter of strong results in revenue, earnings and cash flow. In addition to the solid operational performance, we returned $200 million to shareholders through continued execution of our stock repurchase program during the first quarter. Our confidence in the long-term growth potential for the industry and Novellus in particular remains bullish despite recent near term global instabilities. Novellus is well positioned for long-term growth as we continue to strengthen our ability to support the increasing technical challenges of our customers." Hill added, "We remain focused on our strategic priorities as we believe the fundamental-long term drivers of our business remain intact. While the tsunami in Japan, unrest in the Middle East and global governmental financial stresses threaten the short-term, semiconductors continue to grow in their importance in improving quality of life throughout the world and therefore represent a growth opportunity for all of us involved within the industry."

Management uses non-GAAP measures to evaluate operating performance. The discussion of bookings and shipments and the discussion of gross profit, operating expenses, operating income (loss), income (loss) before taxes, provision for income taxes, effective tax rate, net income (loss), and net income (loss) per diluted share, each excluding certain charges and benefits are not in accordance with GAAP and may differ from non-GAAP methods of accounting and reporting used by other companies. We discuss these non-GAAP measures because we believe these metrics provide additional insight into underlying operating results and prospects for the future, allowing investors to assess certain business trends in the same way that these trends are utilized by management in its financial and operational decision making. Shipments consist of products shipped to customers, without regard to net sales adjustments such as deferrals associated with customer acceptance. Bookings consist of current period orders less current period cancellations and other adjustments. We do not report bookings for systems with delivery dates more than 12 months from the latest balance sheet date. Shipments and bookings are used to forecast and plan future operations. 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 long-term growth potential for the industry and Novellus and our positioning for long-term growth; (ii) our belief that the fundamental long-term drivers of our business remain intact; (iii) the impact of the tsunami in Japan, unrest in the Middle East and global governmental financial stresses; and (iv) the growth in importance of semiconductors and the growth opportunity it represents for the industry. 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) disruptions in the economy or the specific markets in which we operate; (ii) our ability to manage costs of operation; (iii) increased competition from new competitors or current competitors with new products; (iv) our ability to maintain customer satisfaction; (v) our continued efforts in product development; (vi) demand and growth in the semiconductor industry; and (vii) 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, 2010, 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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