



NOVELLUS

Code of Conduct

Important notice

This code of conduct provides information about the standards of integrity that Novellus requires all employees, officers and members of the Board of Directors to follow. It does not address every situation or set forth every rule, nor is it a substitute for the responsibility of each of us to exercise good judgment. Changes in this code may be made by Novellus' Board of Directors at any time and must be promptly disclosed to shareholders. Any modifications become effective immediately.

Unless U.S. law is applicable, where local country laws contain mandatory requirements that differ from the provisions of this document, those requirements prevail for people in those countries. This code of conduct is intended for the employees, officers and members of the Boards of Directors of Novellus, its subsidiaries and joint ventures controlled by Novellus. However, we expect contractors, consultants, agents, representatives and others conducting business on behalf of Novellus will conform to the behaviors required by this code of conduct. The document should be shared with these individuals, and the failure to conform to these guidelines should be considered a potential basis for terminating Novellus' relationship with them.

How to report a suspected violation or seek advice

We are each responsible for notifying the Corporate Compliance Officer immediately if we suspect, observe or learn of unethical business conduct or the commission of any dishonest, destructive or illegal act. For information about how to contact the Corporate Compliance Officer, or any other organization mentioned in the code of conduct, see the section "For Further Information" in Appendix A.

The Corporate Compliance Officer will investigate all reports, including those made anonymously, and provide feedback when appropriate. There will be no reprisals against those who report suspected violations in good faith, and their identity will be protected to the extent consistent with law and Novellus policy.

If you have any questions about the code of conduct or how it applies in a specific situation, you can discuss the matter with your supervisor or you can contact the Corporate Compliance Officer.

To All Employees, Officers and Members of the Boards of Directors,

As we work in an environment that changes continuously, one thing remains constant: our commitment to Novellus' value system. It is the basis on which we conduct business each day, and it requires us to uphold the highest levels of business ethics and personal integrity.

That is why we've established this code of conduct, a comprehensive handbook that describes Novellus' guidelines for ethical business behavior and addresses a wide range of business and personnel issues. Ethical behavior starts with being open and honest in all our relationships both inside and outside the company, and demonstrates the basic values that bind us together.

By reading the handbook and following the guidelines that comprise our code of conduct, you can ensure that Novellus remains truly dedicated to business ethics. Since no code of conduct can anticipate and cover every business situation, common sense and good judgment are your best guides. In other instances, you also may want to consult your co-workers, your supervisor or other managers for guidance. For answers to specific questions on guidelines in this code of conduct, you can contact the Corporate Compliance Officer.

Each of us plays an important role in assuring the highest level of business ethics and integrity in our company: from every meeting we conduct, to every contract we negotiate, to every strategy we implement. Working together, we must set and meet the highest standards of business excellence that our customers, shareholders and employees expect from us.

Sincerely,

Richard S. Hill
Chairman of the Board of Directors
and Chief Executive Officer

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We protect the goodwill associated with the Novellus name and trademark

We use Novellus-provided Internet and e-mail access responsibly and never use Novellus computing and networking resources to access or disseminate sexually explicit material or other content inconsistent with Novellus values

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We recognize and respect the diversity of our colleagues and never engage in discriminatory activity

We encourage open communication and constructive disagreements based on mutual respect

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ABOUT THE CODE OF CONDUCT

Introduction

The code of conduct identifies fundamental and powerful values at Novellus: A commitment to ethical and legal conduct and a deep respect for each person's contributions to the success of the team, whether that person is our colleague at Novellus, a customer, supplier, or anyone else in the many places around the world where we live and work. To ensure the future success of Novellus, these values must always guide our actions. This code is designed to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in the reports and documents Novellus files with, or submits to, the Securities and Exchange Commission and in other public communications made by Novellus;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting to the appropriate person of violations of this code; and
- accountability for adherence to this code.

We are each responsible for following the code of conduct

Ultimately, your conduct is your own responsibility. None of us should ever commit dishonest, destructive or illegal acts even if directed to do so by a supervisor or coworker, nor should we direct others to act improperly.

Novellus believes so strongly in ethical behavior that employees who do not comply with the provisions of this code and other company policies and instructions may be disciplined, up to and including dismissal. Additionally, violations of these standards could result in criminal penalties and/or civil liabilities.

Novellus managers take the lead in ensuring that the people they support understand and adhere to the code of conduct

The code of conduct applies to all Novellus people. It affirms our commitment to the highest standards of integrity in our relationships with one another and with customers, suppliers, shareholders and others in the communities where we live and work. Each employee is expected to read the code of conduct carefully, and supervisors should review it with their people on a regular basis.

While compliance is every person's responsibility, Novellus has established a compliance structure that assigns oversight responsibility for the code of conduct program to Novellus' Chief Compliance Officer. Business unit and department heads are responsible for establishing, implementing and maintaining an effective program, including a system of internal controls, to ensure compliance by everyone in their organizations with all laws and regulations and the provisions of the code of conduct. People who supervise others have a special responsibility to show, through words and actions, personal commitment to the highest standards of integrity. In particular, supervisors, as coaches and leaders, must:

- Maintain an environment of open communication where the Novellus values, code of conduct and related policies and instructions are shared, discussed and even debated;
- Ensure that their people understand the Novellus values and the provisions of this code and give them additional training, when appropriate;
- Take reasonable steps to ensure that unethical conduct within their areas of responsibility is detected and addressed; and
- Consider whether a person lives the Novellus values before placing him or her in a position of responsibility.

We select agents, consultants and other representatives whose conduct will reflect Novellus' values

Novellus carefully reviews the credentials and reputations of prospective agents, consultants and representatives. These individuals or entities are retained based only on the terms of written agreements after the appropriate approvals by Novellus, San Jose are secured. We carefully monitor the performance of our agents, consultants and representatives to assure that they comply with applicable laws and conduct their business in a manner consistent with our code of conduct and other applicable Novellus policies. Agents, consultants and representatives cannot do indirectly what Novellus' employees are legally prohibited from doing directly. If you know or suspect that any agent, consultant or representative is conducting business in an unethical or illegal manner, contact your supervisor immediately.

The code of conduct cannot cover everything - Novellus relies on your good judgment

There will be times when the code of conduct will not address the specifics of your situation. When this occurs, you might find it helpful to consider the following questions:

- Other written policies and guidelines: What written policies and instructions should be consulted?
- People available to assist you: Who should be consulted? Your supervisor? The Legal Department? The Corporate Compliance Officer? Your Human Resources representative? The Environment, Health and Safety organization? Others?
- Ethical impact: What are the possible ethical choices and the rationale for each?
- Alternatives that would not violate Novellus' values: Is there any room for compromise that would not violate Novellus' standards of integrity?
- Consider the possible outcomes: Who could be hurt or helped by your decision? To what extent could they be hurt? How might they be helped? Of the choices identified, which do the most to reduce harm? Which do the most to provide help? Which are most aligned with our code of conduct? Which do the most to respect the rights of those involved?
- Make sure you are comfortable with your decisions: Will my decision seem like the right one a year from now; five years from now; 10 years from now? Would I be comfortable telling my supervisor, the Corporate Compliance Officer, my co-workers, my organization's leadership team, the Chairman and Novellus' shareholders? What about telling my family and friends about my decision? Could I testify about my decision in a court of law and not expose Novellus or myself to liability? How would I feel if my decision were made public through newspapers or television?

Approvals and waivers of the code of conduct

Certain provisions of this code require you to act, or refrain from acting, unless prior approval is received from the appropriate person. Approvals relating to Novellus' principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions and members of Novellus' Board of Directors must be obtained from Novellus' Board of Directors, or a committee thereof. All other approvals may be granted by the Corporate Compliance Officer, or his designee.

Other provisions of this code require you to act, or refrain from acting, in a particular manner and do not permit exceptions based on obtaining an approval. We expect that Novellus people will follow the code of conduct and that waivers will rarely be requested or granted.

Waiver of those provisions relating to Novellus' principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions and members of Novellus' Board of Directors may only be granted by Novellus' Board of Directors, or a committee thereof, and waivers relating to Novellus' principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions and members of Novellus' Board of Directors must be promptly disclosed to shareholders. All other waivers may be granted by the Corporate Compliance Officer, or his designee.

The code of conduct is not a contract of employment

The code of conduct does not create any contractual rights of any kind between Novellus and its employees or between Novellus and third parties.

In addition, employees should understand that employment at Novellus is on an "at will" basis. This means that they can terminate their employment whenever they wish and for whatever reason they might have, just as Novellus may terminate their employment at any time and for any reason. (Some international employees are subject to employment agreements as determined by local regulations and practices common to the countries in which they are employed.)

OUR BUSINESS PRACTICES

Truthfulness is the cornerstone of our marketing

Novellus people compete vigorously, but fairly. We do not misrepresent our products or capabilities, even if it means losing a sale. Where failure to disclose a significant fact could mislead a customer, we disclose the information. We communicate clearly and precisely so that our customers understand the terms of our contracts, including schedules, prices and responsibilities.

Our communications with the media and the financial community are accurate

Our advertisements and other communications to investors, the media and the general public must always accurately and fairly describe our products and business. Anything that could be construed as deceptive would be a serious disservice to our customers and could hurt Novellus' good name. Novellus communicates with the press and with the financial community through official channels only. All inquiries received from analysts or the media concerning Novellus should be directed to the Investor Relations Department. All inquiries regarding current or former employees of Novellus should be referred to the Human Resources Department.

Question

I think my group's product is the most widely used product of its type. Can I claim that it is a market leader in our product marketing materials or in a news release?

Answer

You cannot make a claim of market leadership unless you have a published report from a third party, such as Gartner Dataquest or VLSI Research, which shows Novellus as having the largest market share for that product.

Question

My group's product has better technology than any competitor's product. Can we say in our marketing materials or in a news release that we are a technology leader in this area?

Answer

You cannot make a claim of technology leadership unless the claim is supportable by published information, such as by comparing datasheets for our product and our competitor's product. You should also not make more general claims that Novellus is a technology leader in an area unless we have a history of being a leading innovator in that area.

We do not buy business through gifts and favors

Never pay, offer or promise to provide money, favors, inappropriate gifts or anything else of value to influence, direct, obtain or retain business or secure any improper advantage. Never allow an agent, representative or business partner to make these types of payments, offers or promises on Novellus' behalf.

These payments or favors may be considered bribery, which violates Novellus' policy, as well as the laws of most countries where we conduct business. It is equally unacceptable to take bribes in any form, although certain gifts may be accepted in accordance with the guidelines set forth in the Supplier section below.

Question

Can I give one of my customers or suppliers tickets to a sporting or cultural event?

Answer

Providing tickets is acceptable if it is part of relationship management, if you as the host are present at the event, and if your supervisor approves the expense. However, giving gifts of tickets to a customer is against Novellus policy if your customer is a U.S. government official, employee or representative. If the customer is an official, employee or representative of a government in a country other than the United States, contact your supervisor before offering or giving tickets. (See Code of Conduct for Giving and Receiving Gifts or Entertainment located in Appendix B)

Our communication is always professional and courteous

Our communication with one another and with other stakeholders, including customers and suppliers, is always professional and courteous. Being rude or abusive to co-workers, customers, suppliers or others is never acceptable.

We employ only ethical means of obtaining information about our competitors

Competitive information gathering

Gathering information about competitors, when done properly, is a legitimate business activity. It enhances our knowledge of the marketplace and helps us understand and meet customer needs. However, competitive information should not be obtained, directly or indirectly, by improper means. It is improper to be involved in misappropriating trade secrets or other confidential information, bribery, inducing someone to breach a nondisclosure agreement, making improper requests of a competitor or customer, or using deceit or trickery. Improperly collecting or using competitive information may subject Novellus, and the individuals involved, to lawsuits or criminal penalties, up to and including imprisonment. If we retain consultants to gather competitive information on our behalf, the same rules apply. (Refer to Code of Conduct for Dealing With Competitive Information located in Appendix C)

Benchmarking

Benchmarking is a form of competitive information gathering and is subject to the antitrust laws to the same extent as any other activity. A practice that otherwise violates the antitrust laws, such as sharing price information, does not become permissible by labeling it as benchmarking. The Legal Department is always available to answer any questions you may have about gathering competitive information or benchmarking.

Question

I downloaded some criticisms of a competitor from an Internet site. Can I share them with a customer?

Answer

We prefer to market by highlighting the advantages of our products and services. Reliable information about the shortcomings of a competitor's offering may be communicated. However, under no circumstances should we attempt to market by providing our customers with unverified information.

Question

Can I call a competitor and pretend to be a potential customer to find out information about the competitor's sales approach?

Answer

No. You must never use deceptive practices to obtain competitive information on behalf of Novellus.

Question

My business unit recently hired an engineer from one of our competitors. Can I use that new engineer as a source of competitive information, such as finding out the details of the former employer's new product development plans?

Answer

No. While you can use the new employee's expertise and skills developed while employed by our competitor, you cannot ask the new employee to divulge information that might reasonably be considered confidential or proprietary by the former employer.

Question

Novellus is planning to submit a response to a customer's request for bids. The customer has offered to give me a copy of a competitor's confidential proposal. Can I accept it?

Answer

No. Accepting the proposal constitutes misappropriation of the competitor's trade secrets. You and Novellus could be in violation of certain laws merely by your possession of the proposal, even if you do not use the competitor's information in connection with Novellus' bid.

We do not hire employees or contractors in violation of agreements they may have with prior employers or agreements Novellus has made with third parties

Sometimes potential new hires or contractors have employment agreements with their current or past employers that prohibit their working on behalf of Novellus (e.g., "non-compete" provisions). In other cases, confidentiality obligations to their current or former employers may restrict the type of work they can do on behalf of Novellus. In some instances, Novellus enters into agreements with its suppliers that prohibit Novellus from extending offers of employment to the supplier's employees (e.g., "non-solicitation" provisions).

Before extending an offer of employment or hiring a contractor or consultant, you should undertake a reasonable investigation to make sure that none of these barriers exist. If the individual is an employee of a competitor, a more thorough investigation should be conducted. Similarly, if the individual is an employee of a supplier and is working on the Novellus account, you should contact the purchasing group that supports your team to verify that Novellus is not bound by a non-solicitation agreement. If issues are identified, you should consult with the lawyers who support your business group.

Question

"George" is employed by a Novellus competitor and has the knowledge and expertise in an area that is critical to Novellus' needs. We would like to recruit him. Can we?

Answer

While there is no general prohibition against hiring from competitors, Novellus' policy is to respect the proprietary information of other companies and to assure that our employees adhere to any enforceable contractual obligations to previous employers. You should contact the HR business partner that supports your organization to determine if George has non-compete or confidentiality obligations with his firm that would restrict the type of work he could do for Novellus.

We do not use intellectual property assets of third parties improperly

When we use the intellectual property assets (e.g., copyrights, trademarks, service marks, patents and trade secrets) of others, we obtain the necessary authorization and observe all the obligations contained in the agreements.

Copyrighted Works

We follow all copyright laws, which means that we may not:

- Reproduce, distribute or alter copyrighted materials from books, trade journals, computer software or magazines;
- Download or distribute copyrighted music, movies or computer software; or
- Play records, tapes, disks or videotapes,

without, in each case, permission of the copyright owner or its authorized agents, if necessary. For example, if you want permission to use copyrighted materials, you may need to contact organizations such as the Copyright Clearance Center, the American Society of Composers, Authors and Publishers, or Broadcast Music Inc. For assistance, contact the Legal Department.

Software used in connection with Novellus' business must be properly licensed and used only in accordance with that license. Using unlicensed software could constitute copyright infringement.

Question

One of my co-workers just purchased a new software program that I'd like to use. My department can't afford to buy additional copies right now. Can I copy the new software onto another computer?

Answer

No. Unauthorized copying of software is a violation of copyright law and Novellus policy.

We are mindful of the impact of our operations and products on our people, our customers and the environment

In the areas of environment, health and safety, Novellus:

- Complies with the Novellus Environment, Health and Safety standards;
- Considers environmental criteria when evaluating projects, products, processes and purchases, including acquisitions and divestitures;
- Protects the environment by conserving resources, recycling and reusing materials; and
- Designs and manufactures products that are safe for people to use and meet or exceed all applicable government standards and regulations.

If you have questions, contact the Novellus Environment, Health and Safety (EH&S) organization.

Question

What should I do if I become aware of a serious environmental or safety hazard?

Answer

Tell your supervisor or call the EH&S organization.

PROTECTING NOVELLUS' ASSETS

We safeguard Novellus' funds and property

We are all responsible for safeguarding and making proper and efficient use of company funds and property by following procedures to prevent their loss, theft or unauthorized use. Company funds and property include company time; cash, checks, drafts and charge cards; land and buildings; records; vehicles; equipment, including fax machines, copiers and telephones; computer hardware, software, networks, e-mail and Internet access; scrap and obsolete equipment; and all other funds and property.

Here are some ways to protect company funds and property:

- Make sure expenditures and the use of corporate assets are for legitimate business purposes and in accordance with corporate policies;
- Do not share your computer passwords with others;
- Keep accurate and complete records of funds spent; and
- Use corporate charge cards or calling cards only for business purposes or as specified in company instructions. (Personal use of a company charge card can be grounds for disciplinary action, up to and including dismissal.)

Actual or suspected loss, damage, misuse, theft, embezzlement or destruction of company funds or property should be reported immediately to the Corporate Compliance Officer.

Question

Can I take some obsolete equipment home for personal use? The equipment would probably be junked anyway.

Answer

Taking company equipment, even if it appears to be obsolete or scrap, is not permitted without written authorization from an appropriate level of management. Any questions should be addressed to the Corporate Compliance Officer.

Question

I do a lot of business and personal travel. Can I keep non-cash benefits I receive from business travel (for example, frequent flyer credits) and apply them to my personal travel plans?

Answer

You can keep frequent flyer credits and use them for personal travel. However, you cannot influence or change the travel plans made by the company's authorized travel agents to receive these or other similar non-cash promotional benefits. Doing so violates Novellus' policy in two ways. First, you have a conflict of interest between your personal interests and company requirements to use the lowest logical airfare. Second, you are misusing company funds if your travel is more expensive than it would have been had the designated travel agent arranged for the trip.

We never enter into commitments on behalf of Novellus without the proper authorization

Novellus empowers its employees to enter into different types of commitments on behalf of the company. However, Novellus also has adopted detailed guidelines that specify (based on organization and level) which employees are empowered to commit Novellus to specific undertakings. These guidelines, known as the Novellus Signature Approval Matrices, should be checked before signing any document on behalf of Novellus. Remember, the obligation to check is yours. Our suppliers and customers are not required to know if you are empowered to sign a given document. You can find the Signature Approval Matrices on the Fifth Arrow.

Question

A supplier wants me to sign an agreement. It isn't a lot of money. Can I sign it?

Answer

Under Novellus policy, only members of the Procurement Organization (PO) are authorized to enter into most purchase agreements on behalf of Novellus. You should contact the PO representative that supports your organization.

We protect confidential information

In today's highly competitive, global marketplace, protecting Novellus' confidential or proprietary information and other intellectual property can mean the difference between success and failure.

Confidential information is information or knowledge that Novellus has determined should not be disclosed outside of Novellus, because:

- Doing so could disadvantage Novellus competitively or financially;
- The information could violate the privacy rights of employees, customers, suppliers, joint venture partners or Novellus; or
- The information belongs to others and we have agreed to keep it private.

Our customers, suppliers and business partners can rely on us to protect their confidential information and intellectual property from being disclosed to anybody without their approval. When there is a legitimate business need to disclose confidential information outside Novellus or where disclosure is sought by legal process, a nondisclosure agreement should be executed with the third party receiving the information. Contact the Novellus Legal Department if you need a nondisclosure agreement.

Always store confidential information in a safe place and follow security procedures for the computer systems you use. In addition, use common sense to help prevent accidental disclosure of confidential information. Remember that you can be overheard in public places such as airplanes, elevators and restaurants. Also, don't discuss Novellus' confidential information with family or friends; they may not understand its significance and may inadvertently pass it to someone who shouldn't have it.

Technologies such as cellular phones and e-mail have provided us with many new communications options. However, security vulnerabilities of these technologies also pose challenges for Novellus. As a result, Novellus' employees should avoid communicating Novellus' confidential information over wireless phones in a manner that could be understood by outsiders. Similarly, e-mail sent using the Novellus Intranet (e.g., inside the Novellus firewall) that contains Novellus' confidential information will be encrypted using the latest technology recommended by Novellus Information Technology Department (ITD).

Confidential information includes information about:

- Novellus' research and development, such as inventions, patent applications (e.g., patents which have not been issued or have not been published), and engineering and laboratory notebooks;
- Employee records;
- Confidential manufacturing processes or know-how;
- Business strategies, business results, unannounced products, marketing plans, pricing and financial data;
- Non-public information about products, including hardware and software specifications and designs; and
- Confidential organizational information, including personnel information such as salaries, job assignments and performance appraisal results.

Question

Do I have to protect confidential information even after I leave Novellus?

Answer

Yes. You're obligated not to use or disclose Novellus' confidential information even after you have left the company.

Question

How can I tell if information is confidential or proprietary if it is not marked that way?

Answer

If information isn't marked "confidential" or "proprietary," judge it by its content. Some criteria you should use are the:

- Nature of the information;
- Information's sensitivity;
- Information's value to Novellus; and
- Intended audience for the information (for example, information that is clearly intended for public disclosure to consumers vs. sensitive marketing data that will be used to develop sales plans).

If you need guidance, contact your supervisor or the Corporate Compliance Officer.

Question

Can I tell my spouse about the "hot project" I am working on?

Answer

You can share information about the general nature of the work you are doing. However, you cannot identify specific third parties, business terms, financial information or technologies - these would all be confidential.

We protect Novellus' intellectual property assets such as copyrights, trademarks, service marks, patents and trade secrets

Various laws and international treaties govern how intellectual property rights are created, maintained and protected. In many instances, such as patents, this requires filing of documentation with government authorities. The Novellus Legal Department can provide you with more information about the various forms of intellectual property and the steps you must take to help Novellus establish and protect its rights to its intellectual property.

Intellectual property developed by Novellus' employees and related to Novellus' business is the property of Novellus. In addition to maintaining the confidentiality of such intellectual property, you may not use the intellectual property for non-Novellus purposes without the consent of your management.

Novellus has also established policies for situations where third parties want to use Novellus' intellectual property. You can obtain further information about these policies by contacting the Novellus Legal Department.

Question

Can I sell a product or service I develop on my own time?

Answer

It depends on the product or service. Novellus owns any intellectual property created by you during the period of your employment, including intellectual property you develop on your own time, when the intellectual property is reasonably related to Novellus' business. You must get a release letter approved by the Novellus Legal Department before you begin marketing any product or service incorporating such intellectual property.

We protect the goodwill associated with the Novellus name and trademark

We use Novellus' trademarks and service marks according to company instructions. In addition, we are careful to ensure that the Novellus name is not used to endorse third party products and services without authorization. For example, many of our suppliers like to identify Novellus as a customer, because of the considerable reputation associated with the Novellus name. If a supplier requests permission to use Novellus' s name in advertising or a news release, you should contact the Novellus Legal Department so that a determination can be made as to whether it is appropriate for Novellus to consent.

We use Novellus-provided Internet and e-mail access responsibly and never use Novellus computing and networking resources to access or disseminate sexually explicit material or other content inconsistent with Novellus values

Internet access is provided to Novellus' employees primarily for business use. Non-business use of these resources must be governed by good judgment and restraint. Employees should consider the adverse impact on the Novellus network that results from transferring large files during peak use periods. Management will limit non-business use if it interferes with the productivity of individual employees or the overall availability of network and computing resources. If you are unsure whether your Internet usage is appropriate, you should discuss this matter with your supervisor.

Use of these resources, whether in the office or at home, is not private. The company can and will monitor individual use of network services, including visits to specific Web sites and individual e-mail. Monitoring of individual usage will extend to individuals using their personal computers to access the Novellus network, for example through Novellus Fifth Arrow.

Novellus' computing and networking resources should never be used to access or disseminate:

- Sexually explicit content;
- Slanderous or libelous content;
- Threatening or harassing messages or chain letters; or

- Other content that could be construed as hostile or inconsistent with Novellus values.

Those who use Novellus resources to access Web sites containing sexually explicit material or content that could be construed as hostile or inconsistent with Novellus values are subject to discipline, up to and including dismissal. Employees who question whether a particular site is prohibited should check with their management.

CONFLICTS OF INTEREST

We avoid all conflicts of interest with Novellus and we do not use our relationship with Novellus for personal gain

A conflict of interest arises when your personal interests interfere with your ability to act in the best interests of Novellus. You should not compete with Novellus and should never let business dealings on behalf of Novellus be influenced, or even appear to be influenced, by personal or family interests. For example:

- We do not influence, either directly or indirectly, Novellus' dealings with any supplier with whom you have a personal, familial or financial relationship;
- Employees do not work for, represent or favor for personal reasons a customer or supplier in its dealings with Novellus; or
- We do not use Novellus' name, information, property, time or other resources to perform outside activities such as a second job, or volunteer or perform community activities not specifically sponsored or approved by the company.

Your supervisor can help you sort through situations that may involve conflicts of interest.

Question

My sister owns a business and is trying to become a Novellus supplier. Can I help direct her to the appropriate party in Novellus?

Answer

Yes. You can make the introduction. However, the decision-maker for Novellus should be made aware of the relationship and you should avoid participating in the decision-making process.

Question

My spouse and I own a small graphic arts business. The work I do for that business is totally unrelated to my Novellus job. I am sure that I could provide Novellus with a superior product at a reduced cost. Can I be both an employee and a vendor to Novellus?

Answer

No. Your primary obligation is to Novellus, and providing services as a vendor would be a conflict of interest. Your spouse, if in business by himself or herself, could bid on Novellus jobs as long as: 1) he or she does not use your Novellus employment to influence the bidding process; 2) you do not participate in the selection process or in the performance or evaluation of the work if he or she gets the job; and 3) the relationship is reported to the decision-maker for Novellus.

We do not compete with Novellus

To avoid competing with Novellus, do not enter into unauthorized business relationships with competitors. This means, among other things, that you must not own a competing business or assist any unauthorized person outside Novellus, including family or friends, in the planning, design, manufacture, sale, purchase, installation or maintenance of products that compete or could compete with Novellus' products or any work performed by Novellus. Further, you may not take for yourself personally, a business opportunity in Novellus' line of business if you became aware of the opportunity through your position at Novellus or through the use of Novellus property or information.

Serving on the board of directors or similar body of another entity could also put you in the position of competing with Novellus. Before you agree to serve on the board of another entity, you must comply with Novellus' policy on serving on outside boards.

Question

I want to make a small investment in a company that competes with Novellus. Can I make the investment?

Answer

As a starting point you should never let business dealings on behalf of Novellus be influenced, or ever appear to be influenced, by personal or family interests. In this context you must disclose the nature of the investment to your supervisor. Also, if you conduct business on behalf of Novellus with another company, you should not have an investment in that company unless the investment is both immaterial to you and the other company from a financial perspective and you disclose the investment to your supervisor, who does not object. More stringent restrictions apply to executives.

We do not accept inappropriate gifts and do not allow gifts and entertainment offers to affect our purchase decisions (See Appendix B)

Gifts

Gifts are generally given to create goodwill and, in some parts of the world, declining a gift may insult the giver. On the other hand, accepting a gift may create a conflict of interest or the appearance of a conflict of interest. This presents a dilemma for the recipient of a gift. Generally, you can accept a gift offered in connection with your activities on behalf of Novellus if the gift is unsolicited, inexpensive (less than \$100) and does not influence your business decision. Otherwise, you should decline it and explain Novellus' policy to the gift-giver. Never solicit gifts, directly or indirectly, from customers or suppliers. Under no circumstances should you (or a family member) accept, directly or indirectly, cash or other payments, loans, bribes, kickbacks, special privileges, favors or services from anyone. Novellus' principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions and members of Novellus' Board of Directors may not receive loans from Novellus, nor may Novellus arrange for any loan.

In parts of the world where gift giving is common practice and not accepting a gift could reflect badly on Novellus, it may be appropriate to accept a gift of more than nominal value, as long as doing so wouldn't violate any laws or in any way discredit Novellus, and the gift is unsolicited and not given to influence your judgment. If you receive such a gift, it is important to notify your supervisor in writing as soon as possible so he or she can determine whether you may retain the gift or if it should become corporate property. (See Appendix B)

Entertainment

You may accept occasional meals or other modest forms of entertainment from customers or suppliers as a courtesy extended during the normal course of business, provided the entertainment does not influence your business decisions.

If a customer or supplier proposes entertainment that is more than modest or routine, you must consult your supervisor before accepting the invitation.

Question

Can I accept a business meal from a customer or supplier?

Answer

You may let a customer or supplier pay for a meal arranged for the purpose of discussing business. However, it is not appropriate to let customers or suppliers repeatedly pay for your meals.

Question

One of my customers has invited me to attend a three-day conference sponsored by his company at a major resort. The conference agenda includes some business activities but also provides for leisure activities. Can I accept the invitation to attend at the customer's expense? Suppose the same invitation came from a supplier, could I accept?

Answer

Travel to a customer's event is permitted as long as it is pre-approved by your supervisor and an Executive level manager. Supplier-paid travel to, or attendance at, a supplier's event are not permitted, other than incidental meals and entertainment that otherwise are acceptable under the entertainment policy outlined above.

Question

I am responsible for securing temporary help through outside employment agencies. One of the agencies sent me a gift during the holiday season. Can I keep it?

Answer

You can accept the gift if it meets each of the following tests: It is unsolicited, it is inexpensive (less than \$100.00), and does not influence your business decisions. If you are unsure, discuss the situation with your supervisor.

COMPLIANCE WITH LAWS

Novellus complies with all applicable laws and regulations of the countries where we conduct business

Complying with the laws, rules and regulations that are applicable to our products and operations is a vital part of our business. Complying with laws helps us maintain our reputation in the business community and with investors and helps us avoid civil and criminal penalties. The statements in this section address specific compliance requirements that all Novellus people must follow.

We do not engage in illegal, unethical or anti-competitive practices to promote Novellus sales

Many countries in which Novellus does business, including the United States, have antitrust or competition laws designed to benefit customers by promoting competition. In particular, these laws are intended to make certain that customer choices in the marketplace are not encumbered by improper agreements or other improper conduct that would affect price, restrict volumes produced or reduce the variety of products or services otherwise available to customers.

Certain kinds of agreements are so harmful to customers that they are absolutely prohibited by Novellus policy. Examples include:

- Agreements or understandings with competitors on price;
- Agreements or understandings with competitors to "divide up" customers, products, services or territories;
- Agreements or understandings with competitors to limit the supply or production of any product or service;
- "Bid-rigging" (e.g., reaching a prior agreement with competitors to govern conduct in the bidding process) or making agreements or reaching understandings with competitors not to bid in public or private procurements;
- Agreements or understandings with competitors to disadvantage other competitors; and
- Dictating the minimum price that independent distributors or resellers may charge to resell Novellus products.

Parties entering into these types of agreements can be prosecuted under criminal law, resulting in significant fines for corporations and fines and jail time for the employees involved.

Keep in mind that an unlawful agreement on "price" can cover a broad range of agreements among competitors that directly or indirectly affect the price of goods or services. This includes, for example, agreements on price ranges, minimum prices, list prices, advertised prices, pricing formulas, discounts, rebates, profit margins, credit and warranty terms or other terms of sale.

You also should understand that an "agreement" or "understanding" need not be in writing for it to be unlawful. It can be oral or inferred from the conduct of the parties, as in the following examples:

- An informal observation to a competitor about a company's likely future prices;
- Comments to a competitor about the desirability of a whole industry following a price increase; or
- Comments to a competitor about the desirability of ceasing discounts to certain customers.

These kinds of situations have each been used (along with other circumstantial evidence) to charge companies and individuals with criminal price-fixing. It is for this reason that you should avoid any conduct or activity, formal or informal, from which even an appearance of improper conduct could be drawn.

You should keep in mind that the obligation to scrupulously avoid even an appearance of impropriety applies in business settings, as well as to communications with competitors in casual social settings (golf games, civic events, etc.). There are no off-the-record discussions with competitors. In addition, a supplier in one market may be a competitor in another. Conversations that are wholly appropriate in the context of a supplier relationship may be inappropriate when discussions shift to issues relating to areas of competition.

There are other activities that under certain circumstances might also violate U.S. and other national antitrust laws, and should be reviewed by the Novellus Legal Department.

Examples include:

- Agreements with suppliers or customers not to do business with others;
- Certain exclusive dealing arrangements;

- Significant differences in prices offered to customers or distributors who compete with each other;
- Charging prices that are below cost in order to drive a competitor out of a market;
- Dictating maximum resale prices; or
- Selling products or services only on the condition that the buyer also purchase a second product or service.

Trade groups

Tradeshows and trade association activities are an important part of conducting business; however, because they provide an opportunity for competitors to meet and discuss common issues, they are also a potential source of anti-competitive agreements. In fact, many government prosecutions for antitrust violations involve trade group related activities. As a result, it is important that, whenever you participate in tradeshow or trade association activities, you avoid even the appearance of engaging in improper discussions with our competitors. Under no circumstances should you participate in any discussion with competitors about pricing, price trends, profit margins, bids, terms or conditions of sale, customers, production capacities, marketing or product plans, business strategies or other such topics. If you find yourself involved in such a discussion, object immediately. If the discussion persists, excuse yourself and report the incident to the Novellus Legal Department and your supervisor.

Standards development groups

The development of industry standards is important to allowing interoperability among products, and when done properly it will enhance competition. Standards development activities, however, should not be misused to exclude the products of competitors from the marketplace. Novellus is committed to fair and open standards development activities that invite the participation of all interested parties. When representing Novellus in standards development groups, you should avoid discussions that stray from the legitimate topics of the groups. Under no circumstance can you discuss pricing or marketing of products relating to the standards being discussed. You must also avoid any agreements that appear to limit any participant's ability to develop and market products that do not conform to adopted standards.

Because this area of the law is complex and the penalties for violation severe, contact the Novellus Legal Department whenever you have questions about the antitrust laws of the countries in which Novellus conducts business.

Question

Are there specific subjects I should never discuss with competitors?

Answer

In general, it is company policy and a legal requirement not to discuss, among other things, prices, profit margins, costs, bids, terms or conditions of sale, sales territories, customer lists, production levels or capacities, inventories, proposed new products or services, marketing plans, division of the market and distribution arrangements.

Question

I am going to a tradeshow. Can I go to a competitor's booth?

Answer

Yes. You can go to the booth and collect any publicly distributed literature. However, if you talk to the competitor's personnel you should not misrepresent your identity or affiliation and you must avoid conversations on the subjects listed previously.

We do not use our inside knowledge of Novellus' business inappropriately

Inside information can take many forms, but always includes information that is not available to the general public and that might influence an investor's decision to buy, sell or hold securities in a company. There are laws that prohibit the use of inside information when buying, selling or trading publicly traded securities, including Novellus stock. This information can include acquisition or divestiture plans; financial information or projections; new contracts, products or discoveries; major organizational changes; or other business plans. Often, it involves information affecting a company other than Novellus that you learn about as a Novellus employee, e.g., a supplier that wins or loses a big order from Novellus.

You must not buy, sell or trade Novellus securities or the securities of other companies about which you have inside information until after that information becomes public. When you have inside information about Novellus or another company, you also may not share this information with anyone else outside the company, including family members or friends, or advise anyone about trading in any securities based on this information. You also may not engage in any transaction where you may profit

from short-term speculative swings in the value of Novellus securities such as "short sales" (selling borrowed securities that the seller hopes can be purchased in the future at a lower price). Nor may you trade "put" and "call" options (publicly available "rights" to sell or buy securities within a certain number of months at a specified price) on Novellus stock because trading these securities may create the appearance of impropriety. Special rules apply to transactions in Novellus stock occurring in Novellus employee benefit plans (e.g., the Novellus 401(k) plans).

Because inside information is extremely valuable, handle it just as you would handle other Novellus proprietary information. Do not discuss it with family, friends or anyone else. Do not talk about it in public places. Do not discuss it in online forums (public or private), including message boards and chat rooms. Do not fax it to unattended machines. Do not e-mail it without taking appropriate security measures. Do not tell others at Novellus unless they must know for business reasons. These restrictions apply not only to the inside information itself, but also to opinions you formulate based on insider information.

If you have questions about insider information, contact the Novellus Legal Department.

We report financial information accurately and in a timely manner

The law requires that Novellus' accounting, financial and other systems provide accurate and timely reporting of transactions involving company assets. Every accounting or financial record, as well as the underlying support data, must thoroughly and accurately describe the transaction without omission, concealment or falsification of information. In addition, the information must be transferred to the appropriate recipient in a timely fashion. *Questions* about requirements for financial reporting may be directed to the Novellus Finance organization. If you believe that Novellus' accounting policies or any governmental regulations applicable to our financial reporting are not being followed, you should contact the Corporate Compliance Officer, which you can do anonymously.

Novellus complies with applicable export/import rules and regulations

International trade laws control the movement of products, services and technology (e.g., technical data) around the world. It is Novellus' policy to comply with U.S.-sanctioned laws and regulations, and all applicable export and import laws in the countries where it does business. By addressing trade compliance issues early in the business cycle, Novellus ensures its reputation as a reliable vendor, reduces costs and avoids possible shipping delays, fines and penalties.

Exports

It is Novellus' policy to ensure that all export transactions are authorized under applicable laws of the appropriate country or countries. "Export transactions" include:

- Physical shipments of hardware, software or technology (including those carried by hand);
- Electronic transmissions of software or technology; and
- Disclosures of technology in another country (including disclosures to Novellus employees).

In addition, disclosing technology in the United States to any person (including an Novellus employee) who is not a U.S. citizen or permanent resident alien is an export transaction. When necessary, Novellus must obtain export licenses from the appropriate government(s) for export transactions.

Imports

It is Novellus' policy to ensure that its products are imported in accordance with the applicable laws of the importing country. Each Novellus operation should be fully aware of the laws of the countries into which it imports products, as well as any U.S. export/import restrictions applicable to those countries. These laws typically require that imported goods be accurately described, classified and valued, and that their country of origin be declared. Each Novellus operation should be aware of the laws of the countries into which it imports products, as well as any U.S. export/import restrictions applicable to those countries.

Question

I've been invited to speak at a conference in a country where Novellus does not do business. What should I do?

Answer

Consult with the Novellus Legal Department to be sure your participation does not violate any country's trade laws.

We will not violate applicable anti-boycott laws

The U.S. has laws that regulate how Novellus must respond to boycotts enforced by one set of countries against another. If you learn of a boycott request or if you are asked to participate in a boycott in any country, you should consult with the Novellus Legal Department.

We publicly speak on behalf of Novellus only when we have the authority to do so

As a leading technology company, Novellus' opinion on a host of issues is widely respected and is often solicited. Public comments made by identified Novellus employees and contractors in a variety of contexts such as tradeshow, news media interviews and even online chat rooms, message boards and newsgroups may be perceived by outsiders as representing "official Novellus positions." Similarly, fax or e-mail communications in which Novellus' name appears on the cover sheet, in the letterhead, in a footer or in the employee's e-mail address may be viewed by the recipient as expressing Novellus' position, whether intended or not. As a result, Novellus employees should:

- Not speak on behalf of Novellus unless authorized;
- Contact your Communications representative before replying to any media inquiries and public statements such as a news release;
- Be sensitive to situations in which their identities as Novellus employees are known and as a result, they may be viewed as speaking on behalf of Novellus. In those situations, the speaker or writer should make it very clear that the views they express are their own and that they do not speak on behalf of Novellus; and
- Never publicly disclose Novellus' or any third party's confidential information when participating in these external forums.

Question

I have been asked to speak at an industry forum. Can I accept the invitation?

Answer

You should consult with your supervisor to determine the appropriateness of accepting the invitation and what review is required of any proposed presentation materials (by Legal, Marketing, Communications, etc.).

We comply with all rules and regulations that apply to sales to government customers

Special care must be taken when dealing with government customers. Activities that might be appropriate when working with private sector customers may be improper and even illegal when dealing with government employees. The same caution should be used when providing goods and services to another customer who, in turn, will deliver the product or service to a government end-user. If you work with government customers (e.g., local or national), be aware of applicable procurement, bribery and other laws.

The U.S. government has very strict rules prohibiting the provision of gifts, entertainment, meals, favors or other things of value to its employees. These special rules also apply to the government's contractors and subcontractors. It is never appropriate to offer or provide gifts or other favors to a U.S. government official, employee or customer, regardless of the value of such gift or favor. If you are directly or indirectly involved in providing products or services to the U.S. government, in certain cases you also may not receive gifts, entertainment, meals or favors from your suppliers.

Generally, it is Novellus' policy not to offer or provide gifts, entertainment, tips, favors or anything of value (including, in some countries, meals and travel expenses) to a foreign official, foreign political party or foreign political party official or candidate.

Most countries have anti-corruption laws prohibiting or restricting the provision of gifts, entertainment, meals, tips or other things of value to both domestic and foreign officials, including political party officials and candidates for political office or political parties.

A "foreign official" may be defined as:

- Any officer or employee of another country's government or any governmental organization;
- Any officer or employee of a public international organization;
- Any person acting in an official capacity for or on behalf of any such entity; or
- Any officer, director or employee of a government-controlled or owned enterprise or company, members of royal families, consultants and others who exercise official influence.

If, in connection with Novellus business, you want to provide a gift, meal, entertainment or favor to any of these persons, you must obtain prior approval from the Novellus Legal Department. Legal can assist you in determining whether your activities are covered by the laws and special rules applicable to dealings with government officials and provide appropriate guidance.

Question

Can I invite a U.S. government customer to participate in a working lunch?

Answer

U.S. government regulations require that the government employee reimburse Novellus for the cost of the meal.

WORKPLACE PRACTICES

We work to ensure a safe work environment

Novellus is committed to making the work environment safe and healthy for its employees and others and to complying with all applicable laws and regulations relating to safety and health in the workplace. Employees are informed about procedures that are in place to protect them from generally recognized workplace hazards. Dangerous conditions are immediately reported so that workplace accidents are minimized. In day-to-day operations, Novellus people integrate safety, health and ergonomics into design, manufacturing, installation, use, maintenance and service of products.

To help ensure a safe and healthy work environment, Novellus prohibits certain activities. Examples include:

- Threatening or violent behavior toward others, including co-workers, customers and suppliers, or even the suggestion of such behavior;
- Possession of firearms, explosives or other weapons anywhere on company property or while conducting company business; and
- Willful destruction of company property or the property of others.

We recognize and respect the diversity of our colleagues and never engage in discriminatory activity

Novellus is committed to providing a work environment that nurtures each employee as an individual and an important member of the culturally diverse, worldwide Novellus team. In keeping with this commitment and our value of mutual respect, Novellus is committed to providing a work environment free from discrimination based on race, color, religion, national origin, sex, age, disability, sexual preference or orientation, marital status or any other unlawful factor. This means that we comply with applicable civil rights and employment legislation at the local, state and national levels and do not discriminate unlawfully in any aspect of employment, including recruiting, hiring, compensation, promotion or termination. It also means that Novellus does not permit conduct that creates an intimidating or offensive work environment, whether at a Novellus location or Novellus sponsored activity. This conduct includes, but is not limited to, racist, sexist, ethnic or homophobic comments or jokes; sexual advances or inappropriate physical contact; or sexually oriented gestures, pictures, jokes or statements.

If you believe that you are the victim of discriminatory or harassing conduct or you have witnessed such conduct directed at a colleague, talk to your supervisor. If that is not appropriate, call the Corporate Compliance Officer. All complaints will be investigated promptly and without reprisal to the person initiating the investigation. To the extent possible and consistent with Novellus' obligations under law and Novellus policy, we will maintain the confidentiality of anyone reporting a complaint.

Question

My friend just e-mailed me an off-color joke that has been making the rounds on the Internet. May I forward it to select colleagues at Novellus?

Answer

No. In addition to misusing Novellus' corporate assets, depending on the content of the e-mail, forwarding it may violate Novellus' policy against harassment in the workplace.

We encourage open communication and constructive disagreements based on mutual respect

Open communication helps make our value of mutual respect come alive. It means we give one another accurate and timely information about business issues. We listen to each other and to our customers and suppliers because we believe communication is as much about listening as it is about talking. Differing opinions and expressions of concern are welcome. While we may disagree with one another, we know healthy debate is important. We keep the communications channels open.

When communication takes the form of a concern or complaint, we take that concern or complaint to a supervisor. If the complaint is about the supervisor, or if the supervisor can't solve the problem, we take the matter to higher management or to

the Corporate Compliance Officer without fear of reprisal for making known, in good faith, the concern or complaint.

Illegal drugs have no place at Novellus

Novellus is committed to a drug-free workplace. The misuse of drugs, both legal and illegal, while on company premises or business interferes with a safe, healthy and productive work environment and is prohibited. Specifically, Novellus prohibits the use, possession, distribution or sale of illegal drugs on its premises, in its vehicles and while conducting Novellus business. No employee may conduct Novellus business while under the influence of drugs or alcohol.

Question

I take painkillers for a knee injury. Does taking the medication while at work violate Novellus' anti-drug policy?

Answer

Drugs taken in accordance with the directions of a medical professional do not constitute a violation of Novellus' anti-drug policy. However, if the drugs affect the employee's judgment or performance, the employee should not conduct Novellus business.

We respect the privacy of employee records

Novellus recognizes that privacy is important to each of us. The company therefore maintains only those employee records required for business, legal or contractual reasons, and limits access to and knowledge of those records to people who need the information for legitimate business or legal purposes.

If you have access to personal information about co-workers, take precautions to ensure it isn't misused or improperly disclosed. In addition, observe all applicable laws regarding employee information, including those regarding information gathering, requiring maintenance of records for a specific time and at a specific location, and those limiting the movement of personnel data across national borders.

We maintain complete and accurate records and retain records in accordance with Novellus' document retention guidelines

Accurate and complete records are critical in meeting Novellus' financial, legal and management obligations, as well as in fulfilling our obligations to customers, suppliers, shareholders, employees, government agencies and ministries, and others. Company records include employee and payroll records, vouchers, bills, time reports, billing records, measurement, performance and production records and other essential data.

To protect company records:

- Prepare records accurately and completely;
- Sign only records that are accurate and complete;
- Retain records, both hard copy and electronic, according to legal requirements and Novellus' records retention schedule, which you can find at the website listed under "For Further Information;" and
- Disclose records only as authorized by company policy or as directed by the Novellus Legal Department.

Question

Do I need to save prior drafts of documents that I create?

Answer

Unless the Novellus Legal Department has directed you otherwise or unless you believe there is a business need to retain a record of how a document evolved, there is no need to retain draft versions. This applies to documents stored electronically and in hard copy.

During work hours, we focus on Novellus and work to best represent Novellus

We are honest with our work time because others count on each of us to do our share in making the consistent delivery of superior Novellus products the hallmark of our business. We also are constantly aware that during work hours we are representatives of Novellus and that others will judge our actions as a reflection on Novellus as a whole.

Question

If I have an emergency at home, can I use a company phone or do I need to find a pay phone?

Answer

It is generally acceptable for employees to make and receive important personal calls as long as they're infrequent, brief and don't interfere with the normal flow of business activities.

We are accountable for our commitments

Our co-workers, customers and others depend on us to take responsibility for what we say and do. If we make commitments, we keep them. If we are going to be absent from work or cannot meet a commitment, we promptly tell our supervisors so commitments to customers and others can be met.

INTERACTIONS WITH OUR COMMUNITIES

Novellus encourages employees to participate in community activities and contribute to the communities where we live and work

Employees should ensure, however, that no conflict of interest, either actual or potential, exists between their Novellus employment and duties in public or civic affairs, whether elective or appointed, paid or voluntary.

For example, sometimes employees who perform public service or hold an elected or appointed position are asked to make decisions that might affect Novellus such as voting on a land use ordinance that involves Novellus real estate. If you find yourself in this situation, consult the Novellus Legal Department or, if time doesn't permit, abstain from the vote.

All donations on behalf of Novellus, whether in cash or in kind, must be approved in accordance with Novellus' Approval Matrices.

Outside the United States, Novellus' regional procedures must be followed and special care should be taken to ensure that the donation is being made to an organization that is recognized as a charity under the laws of that country and that the organization is not controlled or influenced by a government official.

Such action could violate U.S. law and Novellus policy. In addition, if the donation is in any way related to a bid or other Novellus business, you should obtain approval from the Novellus Legal Department before making or authorizing the charitable donation.

Novellus generally does not contribute company funds or assets to political parties or candidates for political office

In the United States, Novellus does not contribute, directly or indirectly, company funds or assets to political parties or candidates for political office. No director, employee or agent can offer, make or approve such contributions on behalf of the company. In other countries, no contributions to political parties or candidates for political office may be made on behalf of Novellus unless the contribution is legal under both U.S. and local law, and you have the prior written approval of the Novellus Legal Department.

Directors and employees worldwide are prohibited from using their positions with Novellus or Novellus' assets to attempt to influence the personal decisions of others to contribute to or otherwise support political parties or candidates.

APPENDIX A

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For Internal Purposes Only.

APPENDIX B

NOVELLUS CODE OF CONDUCT FOR GIVING AND RECEIVING GIFTS OR ENTERTAINMENT

Gift giving and receiving is permitted where it is consistent with a country's culture and traditions. This is most prevalent in international countries, particularly Asia. Such gifts should meet the following conditions:

- Gifts given to external parties must not violate the policies of the recipient's organization.
- The primary purpose of these gifts given or received should be to promote cordial working relations. Gifts received must not result in favorable business treatment to the gift giver.
- Under most circumstances, gifts should not exceed the equivalent of US\$100 in value. Country presidents are authorized to exceed this limit by a reasonable amount when in their judgment it is appropriate to do so. Gifts received which in the country president's judgment are excessive and cannot be politely returned to the giver will be turned over to the company.
- Repetitive and frequent gifts to or from the same individual are not permitted.
- Following each quarter, the controllers of countries which commonly practice gift giving will provide to the Chief Financial Officer's designee, a listing of all gifts extended during the quarter. These lists will be distributed to the corporate officers responsible for the reporting countries as well as the Chief Financial Officer for review of reasonableness and policy compliance.
- Entertainment with current and prospective business partners is permitted, as long as the host is present and the development of a relationship has a legitimate business purpose. Such entertainment should not be excessive in cost or in frequency. On occasion, entertainment which includes spouses is permitted. All expenses incurred are to be documented and authorized using the standard expense reimbursement procedure. Such expenses are not considered gifts but are a common business practice and are not subject to the dollar value constraints or reporting requirements of this policy.

APPENDIX C

NOVELLUS CODE OF CONDUCT FOR DEALING WITH COMPETITIVE INFORMATION

Novellus operates in a highly competitive business climate where success in worldwide markets depends in part on a clear understanding of competitors' capabilities and strategies. Gathering information about competitors is a necessary and very important part of doing business. However, it is essential that Novellus use only legitimate sources to gather information and to avoid any actions that are illegal or unethical.

1. Although it is important to gather competitive information, Novellus employees **must not**:

- Use illegal methods (such as trespass or theft) to obtain competitive information; or
- Intrude in or access a customer's facility or records without the express authorization of the customer.
- Exchange any non-public price, cost, sales, volume, customer, strategic or business plans or similar information with Novellus' competitors
- Obtain any competitive information from a customer where the disclosure would violate an explicit confidentiality agreement between the customer and Novellus' competitor.

2. No Novellus employee may accept or use a competitor document marked confidential unless:

- The information was rightfully in the possession of Novellus previously.
- The information is or becomes a matter of public knowledge through no fault of Novellus.
- The information is independently developed by Novellus or a third party.
- The information is rightfully received from or disclosed by a third party without a duty of confidentiality to the competitor.

(If a confidential document or confidential information about a competitor has been acquired, the source, and the circumstances surrounding its acquisition must be documented in writing in Novellus' files by the acquirer.)

3. If information about a competitor is permissibly obtained while working on a customer site, that information may be used internally within Novellus only if it does not harm that customer's interests.

4. Novellus employees may not solicit or use confidential information from interviewees or newly-hired employees regarding their former employer. Novellus expects newly-hired employees to honor their confidentiality agreements with their former employers, just as Novellus employees are expected to honor their confidentiality agreement with Novellus.