

NOVELLUS SYSTEMS, INC.

CHARTER OF THE GOVERNANCE AND NOMINATING COMMITTEE

February 14, 2006

AUTHORITY AND PURPOSE:

The Governance and Nominating Committee (the "Committee") of Novellus Systems, Inc. and its subsidiaries (collectively, the "Company") is appointed by the Company's Board of Directors (the "Board") to provide counsel to the Board with respect to Board organization, membership and functions and Board committee structure and membership. The Committee will also be responsible for defining the qualifications for candidates for Board membership, evaluating qualified candidates, recommending candidates to the Board for election to the Board and proposing a slate of directors for election by the Company's shareholders at each annual meeting of shareholders. In addition, the Committee shall undertake those specific duties and responsibilities listed below and such other duties as the Board from time to time prescribes. All powers of the Committee are subject to the restrictions designated in the Company's Bylaws and by applicable law.

MEMBERSHIP:

The Committee members (the "Members") shall be appointed by the Board based on the recommendation of the Committee and will serve at the discretion of the Board. The Committee will consist of at least three (3) members of the Board. The Committee shall be composed of members of the Company's Board who are "independent," as defined in NASD Marketplace Rule 4200(a)(15). Each Member shall serve until the end of the current term of such Member on the Board, or until his or her successor has been duly appointed by the Board.

RESPONSIBILITIES:

The responsibilities of the Committee shall include, without limitation, the following:

1. Establishing, reviewing and making recommendations to the Board regarding Board composition and structure, including, without limitation:
 - a. the term of office for directors;
 - b. the size of the Board;
 - c. changes to the format of Board meetings; and
 - d. matters for consideration by the Board and Board committees.
2. Reviewing and making recommendations to the Board regarding the nature and duties of Board committees, including, without limitation:

- a. the charters, duties and powers of Board committees according to existing and planned Company objectives; and
 - b. the term of office for committee members.
3. Establishing criteria for membership on the Board, such as particular market or geographic experience, financial background and business experience, and coordinating recruitment of new directors, including, without limitation:
 - a. establishing Company policies relating to recruiting directors;
 - b. evaluating potential candidates for election as directors and for service on each Board committee, including conducting the appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates;
 - c. recommending to the Board the names of qualified persons to be nominated for election or re-election as directors and considering suggestions for Board membership submitted by shareholders;
 - d. if the same individual holds the positions of Chairman of the Board and CEO, having the Chairman of the Committee extend invitations to join the Board jointly with the Chairman of the Board.
 - e. recommending to the Board the names of qualified directors to be appointed to be members or committee chairs of each Board committee.
4. Considering questions of possible conflicts of interest of Board members and senior executives.
5. Considering matters of corporate governance, and establishing and reviewing corporate governance principles.
6. Annually reviewing the independence of each Board member and referring its conclusions to the Board for full discussion and approval.
7. At least annually reviewing the need for new Board members and the appropriate skills and characteristics required of potential new Board members in the context of the current make-up of the Board. This assessment should include desired skills (such as particular market or geographic experience, or specific expertise, such as financial or business expertise), core competencies, willingness to devote adequate time to Board duties, good judgment, issues of diversity and independence, legal requirements and other relevant factors.
8. Establishing the evaluation criteria and implementing the process for the annual Board self-evaluation and reporting annually to the Board on the performance of the Board and each committee, including areas where a greater contribution to Board and/or committee effectiveness can be made.

9. Reviewing and assessing the adequacy of this Charter (the “Charter”) periodically and recommending any proposed changes to the Board for approval.
10. Performing such other functions and having such other powers as are consistent with this Charter, the Company’s Bylaws and governing law as the Committee or the Board may deem appropriate.

CONDUCT OF BUSINESS:

The Committee shall conduct its business in accordance with this Charter and any direction by the entire Board. The Committee shall report on its work and recommendations at least annually to the Board. Prior to the annual meeting of shareholders, the Committee will recommend to the Board the persons who will be the nominees of the Board for the election of whom the Board will solicit proxies. As part of this process, the Committee will consider candidates recommended by shareholders of the Company.

MANAGEMENT SUPPORT:

To assist the Committee in fulfilling its duties, management will provide the Committee with information, support and recommendations as needed and requested.

PERFORMANCE EVALUATION:

The Board shall also perform an annual evaluation of its own performance, which shall compare the performance of the Committee with the requirements of this Charter. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other Member of the Committee designated by the Committee to make this report.

MEETINGS:

The Committee shall meet at least one (1) time each year. The Committee may establish its own schedule which it will provide to the Board in advance. A majority of the Members of the Committee shall constitute a quorum for the transaction of business.

MINUTES:

The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

The Committee will confer with the Board regarding recommendations of the Committee and copies of the written minutes of its meetings. The chairperson of the Committee (or other Member designated by the chairperson or the Committee in the chairperson’s absence) shall regularly report to the Board on its proceedings and any actions that the Committee takes.

COMPENSATION:

The Committee, together with the Compensation Committee of the Board, shall fix the compensation of Board members and Committee members.