NVIDIA Reports Financial Results for Fourth Quarter and Fiscal Year 2011

SANTA CLARA, CA -- NVIDIA (NASDAQ: NVDA)

- Revenue increased 5.0 percent to $886.4 million from the third quarter.
  - We believe some analyst estimates may have recorded the Intel settlement as revenue, rather than as a credit to operating expenses, artificially raising revenue consensus.
- GAAP net income grew to $171.7 million, or $0.29 per diluted share, from the third quarter's $84.9 million, or $0.15 per diluted share.
- GAAP gross margin increased to a record 48.1 percent from the third quarter's 46.5 percent.

NVIDIA (NASDAQ: NVDA) today reported revenue of $886.4 million for the fourth quarter of fiscal 2011 ended Jan. 30, 2011, up 5.0 percent from the prior quarter and down 9.8 percent from $982.5 million from the same period a year earlier.

On a GAAP basis, the company recorded net income of $171.7 million, or $0.29 per diluted share, compared with $84.9 million, or $0.15 per diluted share, in the previous quarter and GAAP net income of $131.1 million, or $0.23 per diluted share, in the same period a year earlier. GAAP gross margin was a record 48.1 percent compared with 46.5 percent in the previous quarter and 44.7 percent in the same period a year earlier.

	Quarterly Highlights			Fiscal Year Highlights	
	Q4 FY2011	Q3 FY2011	Q4 FY2010	FY2011	FY2010
Revenue	$ 886.4	$ 843.9	$ 982.5	$ 3,543	$ 3,326
GAAP:					
Gross margin	48.1%	46.5%	44.7%	39.8%	35.4%
Net income (loss)	171.7	$ 84.9	$ 131.1	$ 253.1	($ 68.0)
Income (loss) per share	$ 0.29	$ 0.15	$ 0.23	$ 0.43	($ 0.12)

The company's fourth quarter results include a $57.0 million credit to operating expenses, $37.1 million after tax, as a result of a legal settlement in connection with a new licensing agreement entered into with Intel.

"These strong results underscore the larger story of NVIDIA's transformation," said Jen-Hsun Huang, NVIDIA president and chief executive officer. "Even as we are extending our leadership in visual computing, our investment in mobile computing and parallel computing is now driving our growth.

"Tegra is positioned center stage in the revolution in super phones and tablets, while Tesla is becoming an essential processor for supercomputing. I have never been more excited about NVIDIA's prospects."

Outlook

The outlook for the first quarter of fiscal 2012 is as follows:

- Revenue is expected to be up 6 to 8 percent from the fourth quarter.
- GAAP gross margin is expected to be 48.5 to 49.5 percent.
- GAAP operating expenses are expected to be approximately $327 million.
- GAAP tax rate is expected to be 16 to 18 percent.

Fourth Quarter Fiscal 2011 and Recent Highlights:

- NVIDIA demonstrated its next-generation mobile processor, the world's first quad-core mobile processor, at Mobile World Congress. The company is sampling to customers now, putting it at least a year ahead of the competition. NVIDIA expects to see tablets and phones later this year.

- Customers announced a number of products incorporating the Tegra® 2 mobile processor, including Acer, with its Iconia A100 and A500 tablets; ASUS, with its EeePad Slider and EeePad Transformer tablets; Dell, with the Dell Streak; LG Electronics, with the LG Optimus 2X phone and the Optimus Pad; and Motorola, with the Atrix and Droid Bionic phones, the Xoom tablet for Verizon and an unnamed tablet for AT&T. After quarter end, Samsung announced the Galaxy Tab 10.1, and revealed it was working with NVIDIA on a Tegra-powered superphone and Toshiba announced an unnamed 10" tablet.

- NVIDIA announced that it is developing a custom CPU that will use the ARM instruction set, known internally as Project Denver. The Denver CPU cores will be integrated into future generation processors for PCs, servers, and supercomputers. Separately, Microsoft announced that its next generation Windows will include native support for ARM SOCs such as Tegra.

- NVIDIA extended its licensing agreement with Intel for $1.5 billion over the agreement's six-year lifespan. Revenue and costs from the license portion of this agreement will commence April 1, 2011; see the CFO Commentary posted on our website for further details.

- In addition to its long partnership with the Volkswagen Audi Group, NVIDIA announced that BMW will also use NVIDIA GPUs for infotainment systems in next-generation cars worldwide. Tesla™ Motors will also incorporate Tegra processors to power the infotainment, navigation and instrument cluster in its Roadster Model S.

- NVIDIA launched the GeForce® GTX 570 and GTX 560 Ti, the most advanced GPUs for gamers.

- NVIDIA announced that PC manufacturers are expected to launch 200 new PCs that use NVIDIA® GeForce GPUs paired with the new generation of Sandy Bridge CPUs.

CFO Commentary
Commentary on the quarter by David White, NVIDIA chief financial officer and executive vice president, is available at www.nvidia.com/investor.

Conference Call and webcast Information
NVIDIA will conduct a conference call with analysts and investors to discuss its fourth quarter fiscal 2011 financial results and current financial prospects today at 2:00 p.m. Pacific Time (5:00 p.m. Eastern Time). To listen to the call, please dial (706) 679 2572. A live webcast (listen-only mode) of the conference call will be accessible at the NVIDIA investor relations Web site www.nvidia.com/ir and at www.streetevents.com. The Web cast will be recorded and available for replay until the company's conference call to discuss its financial results for its first quarter fiscal 2012.

Non-GAAP Measures
To supplement NVIDIA's Condensed Consolidated Statements of Operations and Condensed Consolidated Balance Sheets presented in accordance with GAAP, the company uses non-GAAP measures of certain components of financial performance. These non-GAAP measures include non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net income, non-GAAP net income per share and free cash flow. In order for NVIDIA's investors to be better able to compare its current results with those of previous periods, the company has shown a reconciliation of GAAP to non-GAAP financial measures. These reconciliations adjust the related GAAP financial measures to exclude a charge related to the weak die/packaging material set that was used in certain versions of NVIDIA's previous generation MCP and GPU products, net of insurance reimbursements, a non-recurring charge related to a tender offer purchase, a non-recurring benefit from a legal settlement, and the associated tax impact of these items, where applicable. Free cash flow is calculated as GAAP net cash provided by or used in operating activities less purchases of property and equipment and intangible assets. NVIDIA believes the presentation of its non-GAAP financial measures enhances the user's overall understanding of the company's historical financial performance. The presentation of the company's non-GAAP financial measures is not meant to be considered in isolation or as a substitute for the company's financial results prepared in accordance with GAAP, and our non-GAAP measures may be different from non-GAAP measures used by other companies.

About NVIDIA
NVIDIA (NASDAQ: NVDA) awakened the world to the power of computer graphics when it invented the GPU in 1999. Since then, it has consistently set new standards in visual computing with breathtaking, interactive graphics available on devices ranging from tablets and portable media players to notebooks and workstations. NVIDIA's expertise in programmable GPUs has led to breakthroughs in parallel processing which make supercomputing inexpensive and widely accessible. The Company holds more than 1,700 patents worldwide, including ones covering designs and insights that are essential to modern computing. For more information, see www.nvidia.com.

Certain statements in this press release including, but not limited to statements as to: the company's financial outlook for the first quarter of fiscal 2012; the company's expectations with respect to the number of new products to be introduced by PC manufacturers that use the company's graphics; the company's expectations with respect to the use of its products by customers, including Audi, Samsung, BMW and Tesla Motors; the company's development plans for a custom CPU that will use the ARM instruction set; the company's transformation; the company's extension of leadership in visual computing; the company's investment in mobile and parallel computing driving growth; Tegra's position in revolutionizing super phones and

tablets; the company's prospects; the company's quad-core

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