



NVIDIA to Offer \$1.3 Billion of Convertible Senior Notes

Net Proceeds to Primarily Fund Capital Return

SANTA CLARA, CA -- NVIDIA Corporation (NASDAQ: [NVDA](#)) announced today its intention to offer, subject to market and other conditions, \$1.3 billion aggregate principal amount of convertible senior notes due in 2018 in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933. In addition, the Company expects to grant the initial purchaser of the notes an option to purchase up to an additional \$200 million aggregate principal amount of notes from the Company to cover any over-allotments.

NVIDIA intends to use the net proceeds of the offering to fund capital return to shareholders and for privately negotiated convertible note hedge transactions (after taking into account the proceeds to it from warrant transactions), each as described below, and for general corporate purposes.

Capital Return and Repurchase of Common Stock from Purchasers of Notes

The Company intends to use the net proceeds of the offering primarily to fund the repurchase of shares of the Company's common stock and for quarterly dividend payments pursuant to the Company's recently announced \$1.0 billion fiscal 2015 capital return program. The Company intends to use up to \$200 million of the net proceeds of the offering to accelerate this capital return program through the repurchase of shares of its common stock from purchasers of the notes in privately negotiated transactions through the initial purchaser as the Company's agent, which are expected to be consummated concurrently with the offering. The price of the common stock repurchased in these transactions is expected to equal the closing price per share of the Company's common stock on the date of the pricing of the offering. Repurchases of shares of the Company's common stock could increase, or prevent a decrease in, the market price of the Company's common stock or the notes. In the case of repurchases effected concurrently with this offering, this activity could affect the market price of the Company's common stock concurrently with the pricing of the notes, and could result in a higher effective conversion price for the notes.

Privately Negotiated Convertible Note Hedge Transactions

The Company expects to enter into convertible note hedge transactions with the initial purchaser for the offering and in connection therewith, the Company also intends to enter into separate privately negotiated warrant transactions with the initial purchaser. These convertible note hedge transactions are expected to reduce the potential dilution with respect to the Company's common stock upon conversion of the notes or offset any cash payments the Company is required to make in excess of the principal amount of converted notes, as the case may be, upon any conversion of notes; however, the warrant transactions could have a dilutive effect with respect to the Company's common stock to the extent that the market price per share of the Company's common stock exceeds the strike price of the warrants.

The Company has been advised that, in connection with establishing their initial hedge positions with respect to the convertible note hedge and warrant transactions, the initial purchaser expects to purchase shares of the Company's common stock or enter into various derivative transactions with respect to the Company's common stock concurrently with, or shortly after, the pricing of the notes. These hedging activities could increase (or reduce the size of any decrease in) the market price of the Company's common stock or the notes.

In addition, the initial purchaser may modify its hedge positions (and are likely to do so during the observation period related to any conversion of notes or following any repurchase of notes by the Company on any fundamental repurchase date or otherwise) by entering into or unwinding various derivatives with respect to the Company's common stock or purchasing or selling common stock or other securities of the Company in secondary market transactions following the pricing of the notes and prior to the maturity of the notes.

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities. Any offers of the notes or any of the Company's common stock issuable upon conversion of the notes will be made only by means of a confidential offering memorandum. The notes, the convertible note hedge transactions, the warrants and any shares of the Company's common stock underlying these securities have not been and will not be registered under the Securities Act of 1933 or the securities laws of any other jurisdiction and may not be offered or sold in the United States without registration or an applicable exemption from registration requirements.