



# NVIDIA Announces Pricing of \$1.3 Billion of Convertible Senior Notes

## Net Proceeds to Primarily Fund Capital Return

SANTA CLARA, CA -- NVIDIA Corporation (NASDAQ: [NVDA](#)) announced today the pricing of \$1.3 billion aggregate principal amount of convertible senior notes due in 2018. The Company has also granted the initial purchaser of the notes a 13-day option to purchase up to an additional \$200 million aggregate principal amount of notes from the Company to cover any over-allotments.

The notes, which will be general unsecured obligations of the Company, are being sold in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933. The sale of the notes is expected to close on December 2, 2013, subject to customary closing conditions.

## Interest and Conversion Details

Interest on the notes will be payable semi-annually in cash in arrears on June 1 and December 1 of each year, beginning on June 1, 2014 at a rate of 1.0% per year. The notes will mature on December 1, 2018, unless earlier repurchased or converted in accordance with their terms. The initial conversion rate will be 49.5958 shares of the Company's common stock per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$20.16 per share). The initial conversion price represents a premium of approximately 30% to the \$15.51 per share closing price of the Company's common stock on The NASDAQ Global Select Market on November 25, 2013.

## Net Proceeds and Their Intended Use

The Company intends to use the net proceeds for the repurchase of shares of the Company's common stock and quarterly dividend payments pursuant to the Company's recently announced fiscal 2015 capital return program, and general corporate purposes.

The Company estimates that the net proceeds from the offering will be approximately \$1.28 billion, or approximately \$1.48 billion if the initial purchaser exercises its over-allotment option in full, after deducting the initial purchaser's discount and estimated offering expenses payable by the Company. The Company intends to use \$93.6 million of the net proceeds of the offering to fund the cost of the privately negotiated convertible note hedge transactions (after taking into account the proceeds to it from warrant transactions) described below.

The Company also intends to use a portion of the net proceeds of the offering to repurchase 920,355 shares of its common stock from purchasers of the notes in privately negotiated transactions effected through the initial purchaser, as the Company's agent, at a purchase price of \$15.51 per share, which is the closing price of the Company's common stock on The NASDAQ Global Select Market on November 25, 2013, for a total purchase price of approximately \$14.3 million. While the Company had expected to repurchase up to \$200 million of its common stock from investors in the notes offering, \$14.3 million was the full amount that those investors made available for sale.

## Privately Negotiated Convertible Note Hedge Transactions

In connection with the offering of the notes, the Company has entered into privately negotiated convertible note hedge and warrant transactions with the initial purchaser of the notes. 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 strike price of the warrant transactions will initially be approximately \$27.14 per share, which represents a premium of approximately 75% to the closing price of the Company's common stock on The NASDAQ Global Select Market on November 25, 2013, and is subject to certain adjustments under the terms of the warrants. If the initial purchaser exercises its option to purchase additional notes, the Company may sell additional warrants and intends to use a portion of the net proceeds from the sale of the additional notes and additional warrants to enter into additional convertible note hedge and warrant transactions.

The Company has been advised that, in connection with establishing its initial hedge position 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 position (and is likely to do so during the observation period related to any conversion of notes or following a repurchase of notes by the Company on a fundamental change 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.

**General Conditions**

Prior to August 1, 2018, the notes will be convertible only upon the occurrence of certain events and periods, and thereafter, the notes will be convertible at any time. The holders of the notes will have the ability to require the Company to repurchase all or a portion of their notes for cash in the event of certain fundamental changes. In such a case, the repurchase price will be 100% of the principal amount of the notes to be repurchased, plus any accrued and unpaid interest. In addition, upon certain make-whole fundamental changes occurring prior to the maturity date of the notes, the Company will increase the conversion rate for holders of the notes who convert their notes in connection with that make-whole fundamental change.

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 shares 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.