PAR TECHNOLOGY CORP
Form 10-Q
May 15, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2017.

OR

TRANSITION REPORT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From __________ to __________
Commission File Number 1-09720

PAR TECHNOLOGY CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	16-1434688
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
PAR Technology Park	
8383 Seneca Turnpike	
New Hartford, New York	13413-4991
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (315) 738-0600

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	Accelerated Filer
Non Accelerated Filer (Do not check if a smaller reporting company)	Smaller Reporting Company
	Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of May 11, 2017 15,797,861 shares of the registrant’s common stock, $0.02 par value, were outstanding.

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PART I
FINANCIAL INFORMATION

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

PAR TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(Unaudited)

	For the three months ended March 31, 2017	2016
Net revenues:		
Product	$ 37,206	$ 22,084
Service	14,343	11,704
Contract	14,316	21,517
	65,865	55,305
Costs of sales:		
Product	27,572	16,442
Service	9,885	8,599
Contract	12,747	19,655
	50,204	44,696
Gross margin	15,661	10,609
Operating expenses:		
Selling, general and administrative	9,610	7,542
Research and development	3,569	2,762
Amortization of identifiable intangible assets	241	241
	13,420	10,545
Operating income from continuing operations	2,241	64
Other expense, net	(248)	(70)
Interest (expense) income, net	(32)	29
Income from continuing operations before provision for income taxes	1,961	23
Provision for income taxes	(697)	(8)
Income from continuing operations	1,264	15
Discontinued operation		
Income from discontinued operations (net of tax)	183	-
Net income	$ 1,447	$ 15
Basic Earnings per Share:		
Income from continuing operations	0.08	0.00
Income from discontinued operations	0.01	0.00
Net income	$ 0.09	$ 0.00
Diluted Earnings per Share:		
Income from continuing operations	0.08	0.00
Income from discontinued operations	0.01	0.00
Net income	$ 0.09	$ 0.00
Weighted average shares outstanding		
Basic	15,781	15,646
Diluted	15,978	15,723

See accompanying notes to unaudited interim consolidated financial statements

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PAR TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)
(Unaudited)

	For the three months ended March 31,	
	2017	2016
Net income	$ 1,447	$ 15
Other comprehensive loss, net of applicable tax:		
Foreign currency translation adjustments	41	(122)
Comprehensive income (loss)	$ 1,488	$ (107)

See accompanying notes to unaudited interim consolidated financial statements

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PAR TECHNOLOGY CORPORATIONAND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)
(Unaudited)

Assets	March 31, 2017	December 31, 2016
Current assets:		
Cash and cash equivalents	$5,470	$9,055
Accounts receivable-net	34,241	30,705
Inventories-net	24,800	26,237
Note receivable	3,794	3,510
Income taxes receivable	-	261
Other current assets	4,350	4,027
Assets of discontinued operations	462	462
Total current assets	73,117	74,257
Property, plant and equipment - net	9,042	7,035
Deferred income taxes	17,056	17,417
Goodwill	11,051	11,051
Intangible assets - net	11,411	10,966
Other assets	3,861	3,785
Total Assets	$125,538	$124,511
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	$189	$187
Borrowings of line of credit	1,000	-
Accounts payable	17,460	16,687
Accrued salaries and benefits	5,297	5,470

Accrued expenses	4,492	4,682
Customer deposits and deferred service revenue	17,807	19,814
Total current liabilities	46,245	46,840
Long-term debt	331	

Board Meeting Information

The Board met six times during fiscal year 2010. In addition, during fiscal year 2010, the Board held a two-day me
NVIDIA, explored and discussed new business opportunities and the product roadmap, and addressed possible challeng
meeting of the Board and the committees on which he serves. In fiscal year 2010, each Board member attended 75% or
he served.

Committees of the Board of Directors

The Board has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and
operates under a written charter, which may be viewed under Corporate Governance in the Investor Relations section of

In fiscal year 2006, the Board concluded that having our directors rotate and serve on different committees provide
committees, we believe all members are more fully informed regarding the full scope of Board and our activities. The B
practice and intends to make periodic rotations in the future. On February 5, 2009, the Nominating and Corporate Gove

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examined the composition and chairmanship of the Board's committees and recommended certain rotations to the full B

Committees and Current Membership	Number of Meetings Held During Fiscal Year 20
Audit *Fiscal Year 2010* Mark L. Perry* A. Brooke Seawell Tench Coxe James C. Gaither**	**Meetings: 8** **Written Consents: 1** oversees our corporate accounting and financial reporting process; oversees our internal audit function; evaluates the performance of and assesses the qualifications of our independent r determines and approves the engagement of the independent registered public acc determines whether to retain or terminate the existing independent registered pub registered public accounting firm; reviews and approves the retention of the independent registered public accountin confers with management and our independent registered public accounting firm reporting; discusses with management and the independent registered public accounting fir financial statements; reviews the financial statements to be included in our annual report; reviews earnings press releases, as well as the substance of financial information our quarterly earnings calls; prepares the report required to be included by the SEC rules in our annual proxy establishes procedures for the receipt, retention and treatment of complaints we r matters and the confidential and anonymous submission by employees of concerns reg

Committees and Current Membership	Number of Meetings Held During Fiscal Year 20
Compensation *Fiscal Year 2010* Mark A. Stevens* William J. Miller Harvey C. Jones James C. Gaither***	**Meetings: 8** **Written Consent: 2** reviews and approves our overall compensation strategy and policies; reviews and recommends to the Board the compensation of our Board members; reviews and approves the compensation and other terms of employment of our ch reviews and approves corporate performance goals and objectives relevant to the management; reviews and approves written performance goals for our chief executive officer re reviews and approves the disclosure contained in Compensation Discussion and A the proxy statement and Annual Report on Form 10-K; administers our stock option and purchase plans, variable compensation plans and may form and delegate authority to subcommittees as appropriate, including, but the Board.
Nominating and Corporate Governance *Fiscal Year 2010* William J. Miller* James C. Gaither Harvey C. Jones Mark A. Stevens**	**Meetings: 3** **Written Consents: 1** identifies, reviews and evaluates candidates to serve as directors; recommends candidates for election to our Board; makes recommendations to the Board regarding committee membership; assesses the performance of the Board and its committees; reviews and assesses our corporate governance principles and practices; approves related party transactions; and establishes procedures for the receipt, retention and treatment of complaints we r

* Committee Chairperson

** Joined the committee effective immediately following our 2009 Annual Meeting in connection with our perio

*** Ceased serving on the committee effective immediately following our 2009 Annual Meeting in connection wi

In addition to our three standing committees, in August 2007 the Board formed a Special Litigation Committee to should proceed with respect to the claims and allegations asserted in certain derivative actions cases brought on behalf o officers and directors. The derivative actions asserted claims concerning errors related to our historical stock option gra compensation expense. Mr. Perry served on the Special Litigation Committee during fiscal year 2010. Effective upon th responsibilities of the Special Litigation Committee concluded.

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COMPENSATION COMMITTEE INTERLOCKS AND INSIDER

For fiscal year 2010, the Compensation Committee consisted of Messrs. Gaither, Jones, Miller and Stevens. In con explained above, Mr. Gaither ceased serving as a member of the Compensation Committee effective immediately after Compensation Committee is an officer or employee of NVIDIA, and none of our executive officers serve as a director or more executive officers serving as a member of our Board or Compensation Committee. Each of our current director

DIRECTOR COMPENSATION

Our non-employee directors receive options to purchase shares of our common stock for their services as members compensation for their services as members of our Board, but may be reimbursed for expenses incurred in attending Bo as set forth in our Corporate Governance Policies. Directors who are also employees do not receive any fees or equity c employee director.

Historically, options to purchase shares of our common stock have been automatically granted to our non-employe Plan as incorporated into our 1998 Equity Incentive Plan, which we refer to as the 1998 Plan. Beginning in June 2007, v day after an annual meeting to our non-employee directors from our 2007 Equity Incentive Plan, which we refer to as th

In March 2009, the Compensation Committee undertook its annual review of the type and form of compensation p on our Board and its committees. The Compensation Committee consulted with our human resources department and H from our executive Peer Companies (as defined in the section titled "*Compensation Discussion and Analysis*" beginning recommended, and the Board approved, the continuation of our policy of aligning directors and stockholders' interests b and to target the compensation of non-employee directors at approximately the 75th percentile of the peer companies. Th model to determine grant recommendations whose fair value (as determined in accordance with Financial Accounting S FASB ASC Topic 718) approximately aligned with the 75th percentile of our select peer companies' total annual compe

Historically, two grants have been made to non-employee directors: one for committee service vesting over the fol commencing two years following the grant. In light of the fact that all non-employee directors served on a committee, it committee grant should be combined into a single grant to compensate for overall service to NVIDIA. In addition, the C vest quarterly over the year following the 2009 Annual Meeting in order to correlate the vesting of the annual stock opti committees over the following year.

Therefore, as a result of the review above, a single stock option for 48,000 shares was granted to each non-employe Annual Meeting. The option vests quarterly over the year following the 2009 Annual Meeting and has a term of six

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years. If a non-employee director's service as a director terminates due to death, the grant will immediately vest and bec

The following table provides information regarding compensation of non-employee directors who served during fi

Director Compensation for Fiscal Year 2010

Name	Option Awards($) (1)(2)	Total ($)
Tench Coxe	$ 213,120	$ 213,120
James C. Gaither	213,120	213,120
Harvey C. Jones	213,120	213,120
William J. Miller	213,120	213,120
Mark L. Perry	213,120	213,120
A. Brooke Seawell	213,120	213,120
Mark A. Stevens	213,120	213,120

(1)
Amounts shown in this column do not reflect dollar amounts actually received by the non-employee director. value calculated in accordance with FASB ASC Topic 718 for awards granted during fiscal year 2010. On Ma purchase 48,000 shares as compensation for his service on the Board and committees with an exercise price o as reported by NASDAQ on May 21, 2009. The full grant date fair value for these awards as determined unde calculation of values of the awards are set forth under Note 3 to our consolidated financial statements entitled for fiscal year 2010, filed with the SEC on March 18, 2010. Pursuant to SEC rules, the amounts shown exclud conditions.

(2)
As of January 31, 2010, each non-employee director held stock options to purchase the following aggregate n purchase 901,000 shares; Mr. Gaither, options to purchase 511,000 shares; Mr. Jones, options to purchase 383 Mr. Perry, options to purchase 371,000 shares; Mr. Seawell, options to purchase 692,500 shares; and Mr. Stev

PROPOSAL 2
RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED
FIRM FOR FISCAL YEAR 2011

The Audit Committee has selected PricewaterhouseCoopers LLP, or PwC, to serve as our independent registered p
Stockholder ratification of the Audit Committee's selection of PwC is not required by our Bylaws or any other governin
we are submitting the selection of PwC to our stockholders for ratification. If our stockholders do not ratify the selectio
PwC. Even if the selection is ratified, the Audit Committee in its sole discretion may direct the appointment of a differe
the fiscal year if it determines that such a change would be in our best interests and those of our stockholders.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitle
selection of PwC. Abstentions will be counted toward the tabulation of votes cast and will have the same effect as votes
quorum, but are not counted for any purpose in determining whether this proposal has been approved.

We expect that a representative of PwC will attend the 2010 Annual Meeting. The PwC representative will have ar
or she so desires. The representative will also be available to respond to appropriate stockholder questions.

THE BOARD RECOMMENDS
A VOTE IN FAVOR OF PROPOSAL 2.

AUDIT COMMITTEE AND INDEPENDENT AUDITOR INI

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OI

The material in this report is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorpor 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof a filing, except to the extent specifically incorporated by reference therein.

The Audit Committee oversees accounting, financial reporting, internal control over financial reporting, financial p Audit Committee reviews the results and scope of the audit and other services provided by the independent registered p accounting policies followed by NVIDIA prior to the issuance of the financial statements with both management and th

Management is responsible for the financial reporting process, the preparation of consolidated financial statements United States, or GAAP, the system of internal control over financial reporting, and the procedures designed to facilitat regulations. PricewaterhouseCoopers LLP, or PwC, our independent registered public accounting firm for fiscal year 20 consolidated financial statements and issuing a report on the consolidated financial statements and of the effectiveness c 2010. PwC's judgments as to the quality, not just the acceptability, of our accounting principles and such other matters a applicable standards. The Audit Committee oversees these processes. Also, the Audit Committee has ultimate authority terminate the independent registered public accounting firm. The Audit Committee approves audit fees and non-audit se public accounting firm.

NVIDIA has an internal audit function that reports to the Audit Committee. This function is responsible for objecti quality of our system of internal controls, the operating effectiveness of our business processes and the safeguarding of plan and monitors the activities and performance of our internal audit function throughout the year to ensure the plan ob

The Audit Committee members are not professional accountants or auditors, and their functions are not intended to independent registered public accounting firm. The Audit Committee does not plan or conduct audits, determine that ou with GAAP, or assess our internal control over financial reporting. The Audit Committee relies, without additional inde management and on the representations made by management that the financial statements have been prepared with inte statements have been prepared in conformity with GAAP.

In this context, the Audit Committee reviewed and discussed the audited consolidated financial statements for fisca financial reporting with management and PwC. Specifically, the Audit Committee discussed with PwC the matters requ amended. We have received from PwC the written disclosures and letter required by the applicable requirements of the communications with the Audit Committee concerning independence. The Audit Committee also considered whether th non-audit services by PwC is compatible with PwC's independence and discussed PwC's independence with PwC.

Based on the Audit Committee's review and discussions, the Audit Committee recommended to the Board of Direc in the Annual Report on Form 10-K of NVIDIA for the fiscal year ended January 31, 2010.

AUDIT COMMITTEE

Mark L. Perry, Chairman
A. Brooke Seawell
Tench Coxe
James Gaither

FEES BILLED BY THE INDEPENDENT REGISTERED PUBLIC A

The following is a summary of fees billed by PwC for fiscal year 2010 and 2009 for audit, tax and other profession

	Fiscal Year 2010	Fiscal Year 2009
Audit Fees(1)	$ 2,872,151	$ 3,424,469
Audit-Related Fees(2)	66,350	79,000
Tax Fees(3)	268,246	189,235
All Other Fees (4)	3,000	3,000
Total Fees	$ 3,209,747	$ 3,695,704

(1) Audit fees include fees for the audit of our consolidated financial statements, the audit of our internal control statements and annual report, reviews of SEC registration statements and related consents and fees related to s

(2) Audit-related fees for fiscal years 2010 and 2009 consisted of fees for an audit-related project and an acquisiti

(3) Tax fees consist of fees for tax compliance and consultation services.

(4) All other fees consist of fees for products or services other than those included above, including payment to P

All of the services provided for fiscal years 2010 and 2009 described above were pre-approved by the Audit Comm authority granted to him by the Audit Committee, which is described below.

Our Audit Committee determined that the rendering of services other than audit services by PwC was compatible w

Pre-Approval Policies and Procedures

The Audit Committee has adopted policies and procedures for the pre-approval of all audit and permissible non-au accounting firm. The policy generally permits pre-approvals of specified permissible services in the defined categories specified amounts. Pre-approval may also be given as part of the Audit Committee's approval of the scope of the engage individual case-by-case basis before the independent registered public accounting firm is engaged to provide each servi

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Committee provides pre-approval for up to a year related to a particular defined task or scope. In other cases, the Audit
our Audit Committee, to pre-approve additional non-audit services if the need for the service was unanticipated and app
Committee. Mr. Perry then communicates such pre-approval to the full Audit Committee at its next meeting.

SECURITY OWNERSHIP OF
CERTAIN BENEFICIAL OWNERS AND MANAGEM

The following table sets forth information as of March 22, 2010 as to shares of our common stock beneficially own

- each director and nominee for director;
- each of the executive officers named in the Summary Compensation Table;
- all of our directors and executive officers as a group; and
- all those known by us to be beneficial owners of more than five percent or more of our common sto

Beneficial ownership is determined in accordance with the SEC's rules and generally includes voting or investmen
stock subject to options exercisable or restricted stock units that will vest within 60 days of March 22, 2010. Unless othe
is c/o NVIDIA Corporation, 2701 San Tomas Expressway, Santa Clara, California 95050.

Name of Beneficial Owner(1)	Shares Owned	Shares Issuable Within 60 Days	Total Shares Owned
Named Executive Officers:			
Jen-Hsun Huang(2)	21,117,380	3,900,000	25,017,38
David L. White		112,500	112,50
Ajay K. Puri	16,141	689,690	705,83
David M. Shannon(3)	81,093	459,732	540,82
Debora Shoquist	17,247	231,334	248,58
Marvin D. Burkett	186,821	783,982	970,80
Directors, not including CEO:			
Tench Coxe(4)	1,414,644	862,000	2,276,64
James C. Gaither(5)	159,404	472,000	631,40
Harvey C. Jones(6)	833,460	345,122	1,178,58
William J. Miller(7)	302,808	964,498	1,267,30
Mark L. Perry(8)	50,000	332,000	382,00
A. Brooke Seawell(9)	165,000	578,500	743,50
Mark A. Stevens(10)	1,837,866	108,000	1,945,86
All directors and executive officers as a group (13 persons)(11)	26,173,420	9,839,358	36,012,77
5% Stockholders:			
FMR LLC(12)	74,759,715		74,759,71
BlackRock, Inc.(13)	47,638,490		47,638,49
PRIMECAP Management Company and affiliates(14)	36,140,912		36,140,91

* Represents less than 1 percent of the outstanding shares of our common stock.

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(1) This table is based upon information provided to us by our executive officers and directors. Information abou the SEC. Unless otherwise indicated in the relevant footnote to this table and subject to community property l named in the table has sole voting and investment power with respect to the shares indicated as beneficially o on 569,017,105 shares of our common stock outstanding as of March 22, 2010, adjusted as required by SEC r

(2) Includes (i) 19,457,465 shares of common stock held by Jen-Hsun Huang and Lori Huang, as co-trustees of th Huang Trust; (ii) 1,237,239 shares of common stock held by J. and L. Huang Investments, L.P., of which the stock held by the Jen-Hsun Huang 2009 Annuity Trust, of which Mr. Huang is trustee; and (iv) 57,500 shares Trust, of which Mr. Huang's wife is trustee. By virtue of their status as co-trustees of the Huang Trust, each o beneficial ownership of the 19,457,465 shares held by the Huang Trust and 1,237,239 shares held by J. and L direct the vote or to dispose of or direct the disposition of such securities.

(3) Includes 66,880 shares of common stock held by the Shannon Revocable Trust, of which Mr. Shannon and hi voting and investment power.

(4) Includes 171,312 shares of common stock held in a retirement trust for the benefit of Mr. Coxe over which M 321,849 shares held in The Coxe Revocable Trust, or the Coxe Trust, of which Mr. Coxe and his wife are co- investment power. Mr. Coxe disclaims beneficial ownership in the shares held by the Coxe Trust, except to th

(5) Includes 159,404 shares held by The James C. Gaither Revocable Trust, of which Mr. Gaither is the trustee a power. Mr. Gaither disclaims beneficial ownership in these shares except to the extent of his pecuniary intere

(6) Includes (i) 750,000 shares of common stock held in the H.C. Jones Living Trust, of which Mr. Jones is trust power, (ii) 71,760 shares of common stock owned by ACK Family Partners, L.P. of which Mr. Jones is a gen investment power, and (iii) (a) 3,900 shares of common stock owned by the Gregory C. Jones Trust, of which voting and investment power, (b) 3,900 shares of common stock owned by the Carolyn E. Jones Trust, of whi shared voting and investment power, and (c) 3,900 shares of common stock owned by the Harvey C. Jones II exercises shared voting and investment power, collectively, the Jones Children Trusts. Mr. Jones disclaims be ACK Family Partners, L.P., except to the extent of his pecuniary interest therein. Mr. Jones disclaims benefic Children Trusts, except to the extent of his pecuniary interest therein.

(7) Includes 302,808 shares held by the Millbor Family Trust, of which Mr. Miller and his wife are co-trustees a power.

(8)
Includes 50,000 shares held by The Perry & Pena Family Trust, of which Mr. Perry and his wife are co-truste
power.

(9)
Includes 165,000 shares held by the Rosemary & A. Brooke Seawell Revocable Trust U/A dated 1/20/2009, o
Mr. Seawell exercises shared voting and investment power.

(10)
Includes 1,837,866 shares held by the 3rd Millennium Trust, of which Mr. Stevens and his wife are co-trustee
power.

(11)
Includes shares described in footnotes two through ten above.

(12)
This information is based solely on a Schedule 13G/A, dated February 12, 2010, filed with the SEC on Febru
ownership as of December 31, 2009. The Schedule 13G/A reports that FMR has sole voting power with respe
74,759,715 shares. FMR is located at 82 Devonshire Street, Boston, Massachusetts 02109.

(13)
This information is based solely on a Schedule 13G, dated January 20, 2010, filed with the SEC on January 2
ownership as of December 31, 2009. The Schedule 13G reports that BlackRock has sole voting power with re
to 47,638,490 shares. BlackRock is located at 40 East 52nd Street, New York, NY 10022.

(14)
This information is based solely on a Schedule 13G/A, dated February 9, 2010, filed with the SEC on Februar
PRIMECAP, reporting its beneficial ownership as of December 31, 2009. The Schedule 13G/A reports that P
and sole dispositive power with respect to 36,140,912 shares. PRIMECAP is located at 225 South Lake Ave.,

EXECUTIVE COMPENSATION

Compensation Discussion And Analysis

This section explains our executive compensation program as it relates to the "named executive officers" listed bel
in the tables following this discussion in accordance with SEC rules. In this section we refer to them as our executive of

Jen-Hsun Huang	President and Chief Executive Officer, or CEO
David White	Executive Vice President and Chief Financial Officer, or CFO
Ajay Puri	Executive Vice President, Worldwide Sales
David Shannon	Executive Vice President, General Counsel and Secretary
Deborah Shoquist	Executive Vice President, Operations
Marvin Burkett	Senior Advisor; served as our CFO for the first month of fiscal year 2010

Executive Compensation Philosophy and Overview

The primary goal for our executive compensation program is to attract and retain a talented, innovative and entrepr
success in a dynamic, competitive market. We seek to accomplish this goal in a way that is aligned with our business ob
stockholders. We also strive to design our executive compensation program to position NVIDIA competitively among t
also consider the financial obligations created by our executive compensation program and design it to be cost effective
officers against equity expense and the potential dilution of stockholder ownership.

To meet these goals and objectives, in fiscal year 2010, the principal components of executive compensation consi
salaries. In addition, we paid a signing bonus to our recently hired CFO, as explained below. The Compensation Comm
elements of compensation with perquisites, executive change-in-control arrangements or special severance benefits, exc
CFO. Additionally, in fiscal year 2010, we adopted a compensation recovery policy (as described below).

The Compensation Committee does not use a strict weighting system between compensation elements for each exe
necessary to motivate and retain these individuals with a mix that places greater weight on performance-based compone
compensation. The Compensation Committee believes that a mix of both cash and equity incentives is appropriate, as ca
incentives motivate executives to increase stockholder value in the longer term. In determining the mix between cash ar
variable cash compensation) was generally weighted less than the total equity compensation opportunity. Equity compe
market value for restricted stock units, or RSUs, and fair value for stock options based on the binomial option pricing m
assuming growth of our stock. As discussed below, given the global economic conditions and our cost saving efforts, fo
increases, received a 5% base salary reduction and were not eligible for any variable cash compensation (except for our
equity compensation in fiscal year 2010 had a significantly higher weight relative to cash compensation as is reflected i

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For fiscal year 2010, the actual average mix for our executive officers (excluding our recently hired CFO) was app

	Fiscal Year 2010 Compensation Mix
Base Salary*	16%
Variable Cash Compensation**	
Equity***	84%

*

For purposes of this calculation, we assumed that the CEO did not waive his base salary, as more fully describ
salary reduction as described more fully below that would have applied to Mr. Huang and to our other executi

**

Our executive officers (excluding our recently hired CFO) were not eligible to receive any variable cash comp

***

Based on the actual aggregate full grant date fair value calculated in accordance with FASB ASC Topic 718 f

Elements of Compensation

Equity Compensation

The Compensation Committee believes that properly structured equity compensation works to align the long-term link between employee compensation and stock price appreciation. The Compensation Committee also awards equity b common stock with values that are significant to them, they will have an incentive to act to maximize longer-term stock Committee also believes that equity compensation is an integral component of our efforts to attract and retain exception

In fiscal year 2010, we introduced RSUs as a form of equity compensation to all employees, including executive o Compensation Committee generally considers the fair market value of our common stock (and therefore the potential fo years), the mix of awards granted by our peer group companies, and the number of shares available in our stock plan re Committee decided that our executive officers (except Mr. Huang as explained below) and other employees at the direc cash compensation program at the level of at least 25% of their base salary should receive as equity compensation a co mix (based on value) of stock options and RSUs. All of our other employees received RSUs only.

Each stock option grant allows the executive officer the opportunity to acquire shares of our common stock at a fix date of grant) over a specified period of time (up to six years in the case of our executive officers other than our CEO, a grant vests based on continued service over a specified period, typically over three years with an initial cliff (except in t below). As a result of the way we structure our option awards, options provide a return to our executive officers only if term and only if the executive officer remains with NVIDIA until his or her options vest. The size of the option grant to

a meaningful opportunity for stock ownership and is based on a number of factors as further described in the subsection
below.

Beginning in fiscal year 2010, we granted RSUs to executive officers, which have no exercise price and generally
typically over three years with an initial cliff. RSUs provide some level of certain return, which the Compensation Com
volatility of the stock market generally, and in our stock price in particular. Additionally, RSUs support the attraction of
balance what may be perceived as the greater value of these awards with our other interests, we impose a vesting period
under a RSU award than we would under an option award (addressing concerns over dilution). We did not grant RSUs t

Variable Cash Compensation

Variable cash compensation is designed to align executive compensation with the executive officer's individual per
significant portion of our executive officers' total cash compensation has been variable cash compensation. For past fisc
officer a variable cash incentive target at the beginning of the applicable fiscal year equal to a percentage of his or her a
officer actually earns is determined as follows: (1) 50% of the variable cash incentive target for an executive officer dep
most recently a net income target; and (ii) 50% of the variable cash incentive target for an executive officer depends on
individual objectives. With respect to the individual target, 75% of this amount is weighted towards an individual's cont
towards overall leadership demonstrated at NVIDIA. The individual objectives generally include results to be achieved
gross margin improvement, quality of products delivered, and reducing waste. Leadership objectives may include hiring
processes, and supporting global expansion. To provide a way for NVIDIA to recognize a truly exceptional individual c
performance. Our CEO makes recommendations to the Compensation Committee regarding the individual performance
Compensation Committee considers these recommendations, but has full discretion to determine the appropriate individ

In March 2009, the Compensation Committee determined not to establish any corporate performance targets for co
not be appropriate in light of the economic environment and our cost reduction efforts. At the same time, the CEO prop
appropriate to fund any variable cash compensation program for executive officers in fiscal year 2010 given our cost re
Compensation Committee agreed and in March 2009 determined that, except for our recently hired CFO (as further exp
individual performance payouts for fiscal year 2010. Thus, no executive officer, other than Mr. White, was eligible to e
Mr. White's variable cash opportunity would be determined solely based on his individual performance. In March 2009
Mr. White for fiscal year 2010.

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Base Salary

Base salary is the fixed portion of executive pay and is set to reward individuals' current contributions to NVIDIA
Base salaries are set at levels we believe are sufficient to recruit and retain executive officers.

Other Benefits:

Health, Welfare, Retirement and ESPP Benefits. In order to attract and retain qualified executive officers an
and welfare programs. We maintain medical, vision, dental and accidental death and disability insurance as well as paid
officers are eligible to participate in these programs along with and on the same basis as our other employees. Like all o
participate in our 1998 Employee Stock Purchase Plan and our 401(k) plan.

No Perquisites. Our executive officers do not receive any perquisites or personal benefits that are not availa

Severance and Change-in-Control Agreements. Except in special circumstances, such as short term arrange
or change-in-control agreements with any of our employees, including our executive officers. While such agreements ar
want to encourage executive officers to focus on growing and building value for our stockholders which we believe is b
such as variable cash compensation and long-term equity grants. Under the circumstances described below under the he
all of the stock options or RSUs held by our employees, including our executive officers, would be accelerated if they w
change- in-control transaction. The Compensation Committee included this provision in our equity incentive plan to mo
best interest of our stockholders by removing the distraction of post-change of control uncertainties faced by employees
employment and equity compensation. We believe that our existing arrangements allow our employees, including our e
combination, rather than worrying about how business decisions that may be in the best interest of NVIDIA will impact
help ensure stability among our employee ranks, and will help enable our employees to maintain a balanced perspective

Accrued Vacation Pay-Out. In fiscal year 2010, we discontinued our paid time off program in which U.S. ex
professional time off approach that applies to all U.S. exempt employees on the same terms and conditions. As a result,
U.S. exempt employees, including the executive officers. The amounts paid to our executive officers in connection with
Compensation Table."

Determining Executive Compensation

Role of the Compensation Committee, Management and Compensation Consultants

The Compensation Committee meets periodically throughout the year to manage our compensation program. The C
components of compensation for our executive officers on an annual basis, typically at the beginning of the applicable f
Compensation Committee

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obtains advice and counsel from an independent executive compensation consultant engaged directly by the Compensat

In connection with making its recommendations for executive compensation for 2010, the Compensation Committ independent compensation consultant. Hewitt took its direction from the Compensation Committee Chair and interacted obtain the data that management gathered from the Radford Executive Survey and to ensure that the current executive p

As part of its duties, Hewitt provided the Compensation Committee with the following services in fiscal year 2010

- analyzed the Radford Executive Survey data provided by NVIDIA;
- reviewed and provided recommendations on composition of peer groups;
- provided independent advice on general executive compensation practices in the market, the approp individual executive compensation recommendations;
- conducted a review of the compensation arrangements for our CEO and provided recommendations cash compensation and equity grant level for our CEO;
- conducted a review of compensation for our Board, and provided recommendations to the Compens
- updated the Compensation Committee on emerging trends/best practices in the area of CEO and Bo
- reviewed the Compensation Discussion and Analysis for inclusion in this proxy statement.

Hewitt does not provide any services directly to NVIDIA. However, we paid the cost for Hewitt's services on beha

With respect to our executive officers, the Compensation Committee solicits input of our CEO, who recommends t compensation level and equity-based compensation to be awarded to our executive officers (other than himself) for the prior fiscal year. Our CEO also establishes the individual performance goals for our executive officers (other than hims Committee, working directly with its compensation consultant and without the presence of our CEO, deliberates and ma level and equity-based compensation opportunity to be awarded to our CEO for the new fiscal year, as well as variable Committee establishes the written individual performance goals for our CEO.

The Compensation Committee remains solely responsible for making the final decisions on compensation for our e present during discussions of their compensation package or participates directly in recommending or establishing the a

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Factors Used in Determining Executive Compensation

In any given year, when reviewing executive compensation, including total compensation opportunity, base salary, Compensation Committee may taken into consideration one or more of the following factors:

- an executive officer's responsibilities, including the scope of their position and complexity of the de provide appropriate and meaningful distinctions in compensation levels as between executives;
- an executive's past performance in the role, as we believe this encourages our executives to focus o
- the need to motivate executives to address particular business challenges that are unique to any give
- our CEO's recommendation as to the appropriate compensation for our executive officers (other tha and leadership demonstrated by each executive;
- a review of the executive officer's total compensation as set forth in a tally sheet (except with respe past base salary, (ii) target and actual variable compensation in previous years, (iii) amount and valu years, and (iv) data about the rewards offered to executives in similar positions at comparable comp compensation that is needed to attract, retain and motivate our executives; and
- the total compensation cost and stockholder dilution resulting from executive compensation actions our compensation programs.

Additionally, with respect to determining compensation for our executive officers for fiscal year 2010, the Compe

- the worldwide economic downturn;
- our cost reduction goals; and
- negotiations with our recently hired CFO with respect to his initial compensation package.

The relative weight given to each of the factors above varies with each individual executive officer and with respe Compensation Committee. The tally sheet approach helps the Compensation Committee analyze the executive officer's compensation packages offered by our Peer Companies.

Generally, the Compensation Committee believes that the total compensation opportunity should increase as the ex the CEO has overall responsibility for our entire company, his job responsibilities are significantly greater than those of business units or corporate functions, and thus, he receives a higher base salary and variable cash opportunity level and

With respect to evaluating an executive officer's past performance, the Compensation Committee gives considerab his determination as to whether an executive achieved his individual performance goals because of his direct knowledg Compensation Committee evaluates the CEO's performance taking into account a self-review prepared by the CEO and

Committee's own judgment of the results achieved by our CEO as compared to goals established at the beginning of the

As mentioned above, the Compensation Committee reviews relevant market and industry practices on compensatio desired talent pool, including data from our Peer Companies (as described below) for the three major components of ou does not set compensation components to meet specific benchmarks, such as targeting salaries "at the 50th percentile" o Compensation Committee reviewed this peer data as a reference point in determining whether each executive's compens responsibilities relative to our peers and companies with whom we compete for talent.

For fiscal year 2010, our human resources department obtained the full Radford Executive Survey of 149 compani Hewitt and our human resources department recommended and our Compensation Committee approved, with only min Peer Companies: employee peers, executive peers and semiconductor peers. Employee peers are the companies in vario Executive peers are a subset of the employee peer list that (i) had revenue levels of $500 million to $5 billion, and thus 2010, and (ii) had an established business and market presence and, thus, were similar in complexity. Semiconductor pe Radford Executive Survey. For fiscal year 2010, our employee peers (listed under the column titled "EE" below), execu semiconductor peers (listed under the column titled "SC" below) consisted of the companies listed below, or our Peer C

Company Name	EE	EX	SC	
Adobe Systems, Inc.	X	X		LSI Corporation
Advanced Micro Devices, Inc.	X	X	X	Marvell Technology Group
Agilent Technologies, Inc.	X	X		Micron Technology, Inc.
Altera Corporation	X	X	X	Microsoft Corporation
Amazon.Com, Inc.	X	X		Motorola, Inc.
Apple Inc.	X	X		National Semiconductor Co
Autodesk, Inc.	X	X		Network Appliance, Inc.
Avago Technologies Limited	X			On Semiconductor Corpora
Broadcom Corporation	X	X	X	Oracle Corporation
Cadence Design Systems, Inc.	X			Palm, Inc.
Cisco Systems, Inc.	X			QUALCOMM Incorporate
Cypress Semiconductor Corporation	X	X	X	Samsung Telecommunicati
Dell Inc.	X			SanDisk Corporation
Ebay Inc.	X	X		Sharp Microelectronics Of
Electronic Arts Inc.	X	X		Sony Computer Entertainm
EMC Corporation	X			StMicroelectronics N.V.
Ericsson Inc.	X			Sun Microsystems, Inc.
Google Inc.	X			Symantec Corporation
Infineon Technologies AG	X			Synopsys, Inc.
Intel Corporation	X			Texas Instruments Incorpo
Intuit Inc.	X	X		Xilinx, Inc.
Juniper Networks, Inc.	X	X		Yahoo! Inc.
KLA-Tencor Corporation	X	X		

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Compensation Decisions for Fiscal Year 2010

Jen-Hsun Huang, President and Chief Executive Officer

Base Salary. For fiscal year 2010, the Compensation Committee determined that Mr. Huang's annual base s
the beginning of fiscal year 2009 and for fiscal year 2008. For fiscal year 2010, the Compensation Committee determin
light of the global economic downturn and our cost reduction efforts.

However, given the global economic downturn and our cost reduction efforts, Mr. Huang voluntarily proposed tha
benefit contributions) and the Compensation Committee accepted this proposal. Before taxes and benefits contributions

Variable Compensation. As explained above under the subsection titled "*Variable Cash Compensation,*" M
for fiscal year 2010.

Equity. For fiscal year 2010, the Compensation Committee determined that Mr. Huang should be granted a
granted on the third Wednesday of March 2009 and 250,000 of which were granted on the third Wednesday of Septem
employees. The main factors used by the Compensation Committee in determining the size and form of his equity com
Mr. Huang's deep experience as a successful CEO, his performance during a difficult economic downturn, the pay leve
Compensation Committee used as a reference point rather than to benchmark his equity award at a specific level) and h
Mr. Huang's equity grants for fiscal year 2010 consisted of stock options only (instead of a combination of stock option
the Compensation Committee determined that, as CEO, the compensation he receives from equity grants should be tied
will not have value to Mr. Huang unless our stock price rises, and the extended vesting applied to Mr. Huang's stock op
Specifically, the stock options granted to Mr. Huang in fiscal year 2010 vest over four years and eight months, with 50
grant and 50% vesting on the four year and eight month anniversary of the date of grant.

David White, Executive Vice President and Chief Financial Officer

Base Salary. Mr. White joined NVIDIA in February 2009 as our Executive Vice President and CFO, succe
established at $425,000 for fiscal year 2010, based primarily on our CEO's recommendation that took into account Mr.
chief financial officers at our Peer Companies, as well as our CEO's negotiations with Mr. White. As described in more
data to benchmark Mr. White's salary at a specific level, but instead used it as a reference point in determining whether
scope of responsibilities relative to chief financial officers at our executive Peer Companies.

Effective September 1, 2009, Mr. White's base salary was temporarily reduced by 5% in connection with our com

Variable Cash Compensation. Pursuant to the terms of his offer letter, Mr. White's target variable compens
employed in fiscal year 2010). This level was based primarily on our CEO's recommendation that took into account his
levels for chief financial officers at our

Peer Companies. The Compensation Committee used this peer data as a reference point in determining whether the prop
with cash incentive opportunities offered to chief financial officers at our executive Peer Companies.

Fifty percent (50%) of Mr. White's variable compensation level was linked to corporate performance and 50% rela
letter, for fiscal year 2010, he was eligible to receive a payout with respect to his individual performance target but he w
consistent with the decisions made with respect to the other executive officers, for the same reasons previously stated.

In February 2010, the Compensation Committee assessed Mr. White's individual performance in fiscal year 2010 a
In evaluating Mr. White's performance, the Compensation Committee gave considerable weight to our CEO's evaluatio
performance and contributions. In particular, based on input from our CEO, the Compensation Committee determined t
in fiscal year 2010: executing several structural changes in the finance operations team; attracting and retaining key tale
realizing approximately $18 million in savings; providing support to and assisting in negotiations with key suppliers an
infrastructure and facilities. As a result of these individual contributions and our CEO's recommendation, the Compensa
compensation plan for his individual performance in fiscal year 2010 of $176,460, which represents 100% of his target

Equity. Pursuant to the terms of his offer letter, Mr. White received a stock option grant of 450,000 shares o
employees who started employment in February 2009). Mr. White did not receive a combination of stock options and R
we introduced RSUs as a form of equity compensation. The number of shares subject to this stock option grant was bas
Mr. White and in consideration of his equity holdings at his prior employer. The Compensation Committee also review
Companies, but used this peer data only as a reference point and not to benchmark any specific level of equity compens
schedule for this option was extended such that it vests quarterly over a four year period, subject to acceleration as disc

Change-in-Control Benefits. Pursuant to the terms of Mr. White's offer letter, in the event that Mr. White's e
completion of an acquisition of NVIDIA within the first twelve months of his employment, the vesting of his initial gra
that 25% of such grant would be vested as of the date his employment was terminated. The Compensation Committee b
change-in-control benefits based on our CEO's negotiation of employment terms with Mr. White.

Signing Bonus. In connection with his hiring, Mr. White received a negotiated signing bonus of $200,000, p
and twelfth month anniversaries of his start date, subject to his continued employment on each such date. The Compens
signing bonus based primarily on our CEO's recommendation in consideration of his compensation opportunity at his p

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Ajay Puri (Executive Vice President, Worldwide Sales); David Shannon (Executive Vice President, Genera President, Operations)

Base Salary. For fiscal year 2010, the Compensation Committee determined that the annual base salary of M fiscal year 2009 levels of $300,000, $300,000 and $275,000, respectively. For fiscal year 2010, the Compensation Com salaries for Messrs. Shannon and Puri and Ms. Shoquist in light of the global economic downturn and our cost reductio 2010, Messrs. Shannon's and Puri's and Ms. Shoquist's base salaries were temporarily reduced by 5% in connection wit

Variable Cash Compensation. As explained above, Messrs. Shannon and Puri and Ms. Shoquist were not el

Equity Compensation. For fiscal year 2010, the Compensation Committee determined that Messrs. Shannon and RSUs. The number of shares of stock options and RSUs are set forth below, a portion of which was granted on the granted the third Wednesday of September 2009, consistent with our policy for other employees:

	Stock Options Granted(1)			Restric	
Name	March 2009	September 2009	Total in Fiscal Year 2010	March 2009	Se
David M. Shannon*	90,100	42,500	132,600	56,725	
Ajay K. Puri*	63,750	45,000	108,750	35,750	
Debora Shoquist*	68,950	32,500	101,450	62,525	

(1)
* The stock options will vest as to approximately 33.36% of the shares on the one-year anniversary of the dat thereafter in equal amounts every quarter, contingent upon the executive officer's continued service to NVIDI

(2)
* The RSUs will vest as to approximately 33.36% of the shares on the one-year anniversary of the date of gra equal amounts every six months, contingent upon the executive officer's continued service to NVIDIA.

No single factor explained in the section titled "*Factors Used in Determining Executive Compensation*" determine Compensation Committee in making their determinations were the tally sheet analysis that considered total pay, pay his individual performance of Messrs. Shannon and Puri and Ms. Shoquist for fiscal year 2009 based on input from our CE benchmark awards at specific levels, but instead used it as a reference point in determining whether each executive's eq motivation purposes. In determining the size of appropriate equity grants, the Compensation Committee also gave consi considerable sacrifices in terms of cash compensation and that we needed to retain these executives during a difficult ec through a three year vesting schedule (as further explained above). The section entitled "*Elements of Compensation-Equ* Committee used in determining the mix of stock options and RSUs received by our executive officers.

In evaluating Messrs. Shannon's and Puri's and Ms. Shoquist's performance for fiscal year 2009, the Compensation each executive because of his direct knowledge of the results delivered and leadership demonstrated by each executive. Compensation Committee

determined that he had resolved several difficult legal challenges, built global capability on the legal team and improved
our CEO, the Compensation Committee determined that he had met revenue targets in a difficult economic climate, bui
With respect to Ms. Shoquist, based on input from our CEO, the Compensation Committee determined that she had met
introduction capability and implemented several significant process improvements with partners.

Marvin Burkett, Senior Advisor (served as our Chief Financial Officer for the first month of fiscal year 201

Base Salary. For fiscal year 2010, the Compensation Committee determined that the annual base salary of M
section titled "*Factors Used in Determining Executive Compensation*" determined the exact base salary. In establishing
the global economic downturn, our cost reduction efforts and Mr. Burkett's transition from our CFO to a senior advisor
February 28, 2010, Mr. Burkett's base salary was temporarily reduced by 5% in connection with the company-wide sala

Variable Compensation. As explained above, Mr. Burkett was not eligible to earn any variable cash compen

Equity. For fiscal year 2010, the Compensation Committee determined that Mr. Burkett should receive a mi
approved a grant to Mr. Burkett of 35,000 stock options and 15,000 RSUs, each of which were granted on the third Wed
employees.

No single factor explained in the section titled "*Factors Used in Determining Executive Compensation*" determined
Compensation Committee in making their determination was Mr. Burkett's pay history, individual performance for fisca
Advisor and part-time status. The section entitled "*Elements of Compensation-Equity Compensation"* above explains th
of stock options and RSUs received by our executive officers.

In evaluating Mr. Burkett's performance for fiscal year 2009, the Compensation Committee gave considerable weig
of Mr. Burkett's performance and contributions. In particular, based on input from our CEO, the Compensation Commit
light of a significant economic downturn and supported the hiring of his replacement.

After considering the size of the award he would have been granted had Mr. Burkett not been on a part-time sched
proportionally based on Mr. Burkett's part-time schedule. Given the expectation that Mr. Burkett's continued employme
determined that the option grant should vest quarterly over one year and the RSU grant would vest fully at the one year

Additional Executive Compensation Practices, Policies and Procedures

Compensation Recovery Policy

In April 2009, our Board adopted a Compensation Recovery Policy pursuant to which, if (i) we are required to pre
interim or annual financial statement included in a report on Form 10-Q or Form 10-K due to material noncompliance w
laws, or a Restatement, and

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(ii) the Board or a committee of independent directors concludes that our CEO or CFO had received a variable compens
payable if the original interim or annual financial statements reflected the Restatement, then our CEO or CFO shall disg
compensation payment.

In addition, pursuant to the Compensation Recovery Policy, if the Board or a committee of independent directors d
employee received a variable compensation payment, or portion thereof, that would not have been payable if our origin
then the Board or such committee, in its discretion, may take similar actions as it deems necessary after their evaluation
discretion, the Board or such committee may consider whether such person was involved in the preparation of our finan
Such actions may include, to the extent permitted by applicable law, requiring partial or full repayment of any variable
requiring repayment of any gains realized on the exercise of stock options or on the open-market sale of vested shares a
deferred stock awards and outstanding stock options.

Stock Ownership Guidelines

Our Corporate Governance Policies require each executive officer to hold at least 25,000 shares of our common st
officer, unless our Nominating and Corporate Governance Committee waives the requirement. The 25,000 shares may i
unissued RSUs. Executive officers will have 18 months from the date that they become executive officers to reach the c
the stock ownership requirement. The stock ownership guidelines are intended to further align executive officer interest

Hedging Policy

Our policies do not permit any of our employees, including our executive officers, to "hedge" ownership by engagi
securities.

Managing the Use of Equity

While equity is an important component of overall compensation, we carefully monitor the number of equity-based
to employees against equity expense and the potential dilution of stockholder ownership by budgeting the number of eq
dilution budget. For fiscal year 2010, the Compensation Committee established a total dilution budget of 3.5% to 4.0%
merger and acquisition activity. Our actual dilution rate for fiscal year 2010 was 3.42%. For purposes of our annual dilu
(as set forth below) in accordance with RiskMetrics' published policies. In fiscal year 2010, based on our historical com
each RSU was counted as 1.5 shares. To calculate the actual dilution for fiscal year 2010, we calculated the sum of each
and divided the sum of these by the number of shares of common stock outstanding on the last day of our fiscal year (Ja
periods as our business and competitive environment change and in response to any accounting or regulatory developm

In March 2009, we completed a cash tender offer for approximately 33.1 million stock options held by our employ
cancellation. Members of the Board of Directors and our executive officers were not eligible to participate in the tender
an incentive vehicle valued by employees that is also aligned to stockholder interest. However, our common stock price

fiscal year 2009, and all of the eligible options subject to the tender offer were "out-of-the-money" (i.e., had exercise pr provided an opportunity to our employees to obtain a cash payment for their eligible options, while reducing our existin options. Only options with an exercise price of greater than $17.50 per share were eligible to be tendered. Shares subjec pursuant to the 2007 Equity Incentive Plan.

Equity Granting Policies

In fiscal year 2007, the Compensation Committee adopted specific policies regarding the grant dates of equity app the Compensation Committee annually reviews these policies and makes adjustments. Our grant policies are currently a

New Hire Grants. The grant date for new employees, including a recently hired executive officer, i start date. New hire grants to executive officers are made as part of our monthly process that includ new hire grants is equal to the closing price of our common stock on the grant date.

Semi-Annual Grants. The Compensation Committee makes grants semi-annually to our executive c of September, consistent with our policy for other employees. During the first quarter of the fiscal y for each eligible executive for the fiscal year, which is divided as follows: (a) 50% of the target gra granted in September. The exercise price of all the executive semi-annual stock option grants is the grants will not be made to our executive officers during blackout periods under our insider trading p day that the blackout period ends.

Other Grants. All other grants to existing executive officers and employees throughout the year, wl of the month subsequent to the date of the event leading to the grant, provided that the grant is appr granted to our executive officers during blackout periods under our insider trading policy. Instead, t trading window is open. Also, the Compensation Committee must approve any off cycle grants to e officers during fiscal year 2010.

We do not grant stock options upon the exercise of an option using shares already in the holder's possession (i.e. re options or, for any other reason, grant stock options at a discount (other than in connection with mergers and acquisitio requirements, or allow semi-annual or off-cycle grants to be made to our executive officers when our stock trading win

Tax and Accounting Implications

Section 162(m) of the U.S. Internal Revenue Code limits the amount that we may deduct from its federal income t compensated executive officers (other than our CFO) to $1 million per executive per year, unless certain requirements a limitation for certain forms of "performance-based compensation," as well as for the gain recognized by an executive u the Compensation Committee is mindful of the benefit to NVIDIA performance of full deductibility of compensation, t

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Committee believes that it should not be constrained by the requirements of Section 162(m) where those requirements v
manner that can best promote our corporate objectives. Therefore, the Compensation Committee has not adopted a polic
Compensation Committee intends to continue to compensate our executive officers in a manner consistent with the best

Stock-based compensation cost is measured at grant date, based on the fair value of the grants, and is recognized as
binomial option pricing model to estimate the fair value of each stock option grant for accounting purposes.

Risk Analysis of Our Compensation Plans

The Compensation Committee oversaw the performance of a risk assessment of our compensation programs as gen
material risks that may be created by the compensation programs. The Compensation Committee considered the finding
compensation programs are designed and administered with the appropriate balance of risk and reward in relation to our
unnecessary or excessive risks, and that the level of risk that they do encourage is not reasonably likely to materially ha

The Compensation Committee believes that although the majority of compensation provided to our employees is p
guard against excessive risk-taking:

- our compensation program encourages our employees to remain focused on both our short-term and
compensation plans measure performance on an annual basis, our equity awards typically vest over
focus on the long-term performance of NVIDIA;

- we design our variable cash compensation programs so that payouts are based on achievement of bo
the corporate target, we use net income as a financial metric, which the Compensation Committee b
value;

- we have implemented internal controls over financial reporting and the measurement and calculatio
compliance policies and practices that are designed to prevent our compensation programs from bei

- except for equity grants to our CEO, who is a founder and significant stockholder, we grant a comb
and above who are eligible to participate in our variable cash compensation program at the level of
Committee believes provides an appropriate balance between upside opportunity and downside risk

- we have a compensation recovery policy applicable to all employees that allows NVIDIA to recove
misconduct;

- we have stock ownership guidelines that we believe are reasonable and are designed to align our exe

- we prohibit all hedging transactions involving our common stock which prevents our employees fro
performance.

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Summary Compensation Table For Fiscal Years 2010, 2009 and 2008

The following table summarizes information regarding the compensation earned by our chief executive officer, our
and our other three executive officers during fiscal years 2010, 2009 and 2008. We refer to these individuals as our nam

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)(2)	Option Awards ($)(2)	N Co
Jen-Hsun Huang	2010	7,145(4)			3,475,000(5)	
Chief Executive Officer and	2009	401,272(4)			3,298,400	
President	2008	584,083(6)	150,000(7)		4,629,332	
David L. White(9)						
	2010	348,855(10)	150,000(11)		2,196,000	
Executive Vice President and	2009					
Chief Financial Officer	2008					
Marvin D. Burkett(12)						
	2010	169,947(13)		153,000	184,800	
Senior Advisor (former Chief	2009	425,000			753,000	
Financial Officer)	2008	425,000			2,644,818	
Ajay K. Puri						
	2010	333,671(13)		532,020	666,225	
Executive Vice	2009	301,154			966,125	
President,Worldwide Sales	2008	300,000			1,202,187	
David M. Shannon						
	2010	326,009(13)		815,703	799,595	
Executive Vice President,	2009	300,000			966,125	
General Counsel and	2008	300,000			1,442,624	
Secretary						
Debora Shoquist(15)						
	2010	267,946(13)		819,073	611,740	
Executive Vice President,	2009	270,769			933,600	
Operations	2008	98,894			4,155,000	

(1) In fiscal year 2010, we introduced RSUs as a form of equity compensation to all employees, including executive officers. C
compensation a combination of RSUs and stock options.

(2) Amounts shown in this column do not reflect dollar amounts actually received by the executive officer. Instead, these amou
with FASB ASC Topic 718 for the respective fiscal year. The assumptions used in the calculation of values of the awards a
"Stock-Based Compensation" in our Annual Report on Form 10-K for fiscal year 2010, filed with the SEC on March 18, 20
estimated forfeiture related to service-based vesting conditions.

(3) As applicable, reflects amounts earned in fiscal years 2010 and 2008 and paid in March 2010 and March 2008, respectively
Compensation Plan, respectively. No amounts were paid in fiscal year 2010 (except to Mr. White) pursuant to our 2010 Va
Compensation Plan. For further information please see the discussion in our *Compensation Discussion and Analysis* beginn

(4) Mr. Huang voluntarily decreased his base salary to $1, after taxes and benefit contributions, with respect to all of fiscal yea
respect to fiscal year 2010, includes a payment in connection with the mandatory company-wide cash-out of accrued vacati

(5) In connection with the settlement of the stockholder derivative lawsuits relating to our historical stock option practices, effe
options granted to Mr. Huang on March 31, 2006, March 21, 2007 and March 19, 2008 to increase the aggregate exercise p
fair value of these modified options as determined in accordance with FASB ASC Topic 718 is $0.

(6) Mr. Huang's base salary was increased to $600,000 for fiscal year 2008 effective April 1, 2007.

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(7) Represents an amount earned in fiscal year 2008 and paid in March 2008 to Mr. Huang under our 2008 Variable Compensa

(8) Represents an award for the filing of a patent of which Mr. Huang is an inventor with the U.S. Patent and Trademark Offic
are filed by NVIDIA with the PTO.

(9) Mr. White joined NVIDIA as our Executive Vice President and Chief Financial Officer in February 2009.

(10) Represents the pro-rated portion of Mr. White's salary based on his start date of February 27, 2009. Effective September 1,
with a company-wide salary reduction action.

(11) Represents the aggregate amount of a signing bonus paid to Mr. White in fiscal year 2010. The signing bonus was payable
bonus was paid during fiscal year 2011.

(12) Mr. Burkett retired as our Chief Financial Officer in February 2009.

(13) Effective March 1, 2009, Messrs. Burkett's, Puri's and Shannon's and Ms. Shoquist's base salary was temporarily reduced b
payment in connection with the mandatory company-wide cash-out of accrued vacation in the amounts of $6,197, $38,077,
Ms. Shoquist, respectively.

(14) Represents imputed income for provision of medical insurance for an additional person.

(15) Ms. Shoquist joined NVIDIA as our Senior Vice President, Operations in September 2007.

Grants of Plan-Based Awards For Fiscal Year 2010

The following table provides information regarding all grants of plan-based awards that were made to or earned by
on a separate line item is provided for each grant of an award made to a named executive officer. The information in thi
awards set forth in the *Summary Compensation Table for Fiscal Years 2010, 2009 and 2008* by providing additional de

The option grants to purchase shares of our common stock set forth in the following table were made under our 20
is equal to the closing price of our common stock as reported by NASDAQ on the date of grant. Under the 2007 Plan, th
stock valued at fair market value on the exercise date or through a cashless exercise procedure involving a same-day sal
service based vesting.

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During fiscal year 2010, none of our named executive officers were awarded or held any performance-based equity

Name	Grant Date	Approval Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1) Target($)	All Other Stock Awards: Number of Shares of Stock or Units(#)	All Oth Optio Award Numbe Securit Underly Options
Jen-Hsun Huang	3/18/2009	3/10/2009			250,
	5/7/2009	5/7/2009			200,
	5/7/2009	5/7/2009			298,
	5/7/2009	5/7/2009			202,
	9/16/2009	9/2/2009			250,
David L. White					
	3/9/2009	2/5/2009			450,
	N/A	N/A	$ 176,460		
Marvin D. Burkett					
	3/18/2009	3/10/2009		15,000(10)	
	3/18/2009	3/10/2009			35,
Ajay K. Puri					
	3/18/2009	3/10/2009		35,750(10)	
	3/18/2009	3/10/2009			63,
	9/16/2009	9/2/2009		10,500(11)	
	9/16/2009	9/2/2009			45,
David M.					
Shannon	3/18/2009	3/10/2009		56,725(10)	
	3/18/2009	3/10/2009			90,
	9/16/2009	9/2/2009		14,875(11)	
	9/16/2009	9/2/2009			42,
Debora Shoquist					
	3/18/2009	3/10/2009		62,525(10)	
	3/18/2009	3/10/2009			68,
	9/16/2009	9/2/2009		11,375(11)	
	9/16/2009	9/2/2009			32,

(1) Represents possible awards under the 2010 Variable Compensation Plan based on Mr. White's individual perf were made to our named executive officers in fiscal year 2010, as discussed in our *Compensation Discussion*

(2) Represents stock options granted to our named executive officers in the first quarter of fiscal year 2010 pursu grants on March 10, 2009 for grant on March 18, 2009, the same day that semi-annual grants were made to al

(3) Represents the closing price of our common stock as reported by NASDAQ on March 18, 2009, which is the

(4) In connection with the settlement of the stockholder derivative lawsuits relating to our historical stock option to amend the stock options granted to Mr. Huang on March 31, 2006, March 21, 2007 and March 19, 2008 to shares by $3.5 million. The incremental fair value of these modified options as determined in accordance with

(5) Represents stock options granted to our named executive officers in the third quarter of fiscal year 2010 pursu these grants on September 2, 2009 for grant on September 16, 2009, the same day that semi-annual grants wer

(6)

Represents the closing price of our common stock as reported by NASDAQ on September 16, 2009, which is

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(7)

Amounts shown in this column do not reflect dollar amounts actually received by the executive officer. Instea
calculated in accordance with FASB ASC Topic 718 for the awards. The assumptions used in the calculation
consolidated financial statements entitled "Stock-Based Compensation" in our Annual Report on Form 10-K f
Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeiture related to service-based

(8)

Represents stock options granted to Mr. White pursuant to the terms of his offer letter pursuant to our 2007 Pl
February 5, 2009 for grant on the sixth business day of the month after the month in which Mr. White's start d
2009 and his stock option was granted on March 9, 2009, the same day that stock options were granted to all r

(9)

Represents the closing price of our common stock as reported by NASDAQ on March 9, 2009, which is the ex

(10)

Represents RSUs granted to Messrs. Burkett, Puri, and Shannon and Ms. Shoquist in the first quarter of fiscal
Committee approved these grants on March 10, 2009 for grant on March 18, 2009, the same day that semi-an
is no purchase price associated with RSUs.

(11)

Represents RSUs granted to Messrs. Puri and Shannon and Ms. Shoquist in the third quarter of fiscal year 201
approved these grants on September 2, 2009 for grant on September 16, 2009, the same day that semi-annual
purchase price associated with RSUs.

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Outstanding Equity Awards as of January 31, 2010

The following table presents information regarding outstanding equity awards held by our named executive officer
generally had a ten-year term and option grants made after February 2004 generally have a six-year term. As of January
equity incentive awards or stock awards.

	Option Awards			
Name	Number of Securities Underlying Unexercised Options(#) Exercisable	Number of Securities Underlying Unexercised Options(#) Unexercisable	Option Exercise Price($)	Option Expiration Date
Jen-Hsun Huang	1,500,000		$ 11.95(1)	7/25/2011
	750,000		12.39(1)	5/14/2012
	600,000		8.75(1)	4/12/2011
	300,000	300,000(3)	8.47(1)	5/16/2012
	75,000	75,000(4)	10.00(4)	5/16/2012
		151,753(5)	19.16(1)	3/30/2013
	600,000		5.30(1)	5/14/2010
		164,025(6)	34.36(2)	9/18/2014
		180,000(7)	10.00(2)	9/16/2015
		250,000(8)	10.20(2)	3/17/2016
		200,000(9)	23.65(24)	3/18/2015
		298,247(5)	23.65(24)	3/30/2013
		202,500(10)	23.65(24)	3/20/2014
		250,000(11)	15.94(2)	9/15/2016
David L. White				
	84,375	365,625(12)	8.30(2)	3/8/2015
Marvin D. Burkett				
	168,570		8.75(1)	4/12/2010
	299,994		8.47(1)	5/16/2011
	225,000		19.16(1)	3/30/2012
	123,750		18.90(1)	3/20/2013
	50,119	50,119(13)	34.36(2)	9/18/2013
		75,000(14)	17.66(2)	3/18/2014
	26,250	8,750(15)	10.20(2)	3/17/2015
Ajay K. Puri				
	566,611		12.05(1)	12/21/2011
	56,249		18.90(1)	3/20/2013
	22,781	22,782(13)	34.36(2)	9/18/2013
		62,500(14)	17.66(2)	3/18/2014
		56,250(17)	10.00(2)	9/16/2014
		63,750(18)	10.20(2)	3/17/2015
		45,000(19)	15.94(2)	9/15/2015

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	Option Awards			
Name	Number of Securities Underlying Unexercised Options(#) Exercisable	Number of Securities Underlying Unexercised Options(#) Unexercisable	Option Exercise Price($)	Option Expiration Date
David M. Shannon	7,070		8.75(1)	4/12/2010
	157,500		8.47(1)	5/16/2011
	150,000		19.16(1)	3/30/2012
	67,500		18.90(1)	3/20/2013
	27,337	27,338(13)	34.36(2)	9/18/2013
		62,500(14)	17.66(2)	3/18/2014
		56,250(17)	10.00(2)	9/16/2014
		90,100(18)	10.20(2)	3/17/2015
		42,500(19)	15.94(2)	9/15/2015
Debora Shoquist				
	187,499	62,501(22)	36.93(2)	10/4/2013
		75,000(14)	17.66(2)	3/18/2014
		30,000(17)	10.00(2)	9/16/2014
		68,950(18)	10.20(2)	3/17/2015
		32,500(19)	15.94(2)	9/15/2015

(1) Represents the closing price of our common stock as reported by NASDAQ on the last trading day prior to th made pursuant to our 1998 Plan.

(2) Represents the closing price of our common stock as reported by NASDAQ on the date of grant which is the Plan.

(3) The option vests in equal quarterly installments over a one year period beginning on May 15, 2009 such that t

(4) The option vests in equal quarterly installments over a one year period beginning on May 15, 2009 such that t granted with an exercise price of $10.00 per share which was a premium over the closing price of our commo date of grant, which was $8.47 per share.

(5) The option vests in equal quarterly installments over a one year period beginning on May 15, 2010 such that t

(6) The option vests as to 50% of the shares on February 15, 2012, and vests as to the remaining 50% of the share

(7) The option vests as to 50% of the shares on February 15, 2013, and vests as to the remaining 50% of the share

(8) The option vests as to 50% of the shares on August 15, 2013, and vests as to the remaining 50% of the shares

(9) The option vests as to 50% of the shares on August 15, 2012, and vests as to the remaining 50% of the shares

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(10) The option vests as to 50% of the shares on August 15, 2011, and vests as to the remaining 50% of the shares

(11) The option vests as to 50% of the shares on February 15, 2014, and vests as to the remaining 50% of the share

(12) The option vests in equal quarterly installments over a four year period beginning on February 27, 2009 such

(13) The option vests as to 50% of the shares on December 19, 2009, and vests as to the remaining 50% of the sha

(14) The option vests as to 50% of the shares on June 19, 2010, and vests as to the remaining 50% of the shares on

(15) The option vested in equal quarterly installments over a one year period beginning on March 17, 2009 such th

(16) The RSU vested in full on March 17, 2010.

(17) The option vests as to 50% of the shares on December 17, 2010, and vests as to the remaining 50% of the sha

(18) The options vested as to 33.36% on March 18, 2010 and will vest as to 8.33% at the end of each quarterly per
2012.

(19) The options will vest as to 33.36% on September 16, 2010 and as to 8.33% at the end of each quarterly period
September 16, 2012.

(20) The RSU vested as to 33.36% on March 17, 2010 and will vest as to 16.66% every six months thereafter over
March 21, 2012.

(21) The RSU will vest as to 33.36% on September 15, 2010 and as to 16.66% every six months thereafter over th
September 19, 2012.

(22) The option vests in equal quarterly installments over a three year period beginning on September 17, 2007 su

(23) Calculated by multiplying the number of RSUs by the closing price ($15.39) of NVIDIA's common stock on
fiscal year, as reported by NASDAQ.

(24) In connection with the settlement of the stockholder derivative lawsuits relating to our historical stock option
to amend the stock options granted to Mr. Huang on March 31, 2006, March 21, 2007 and March 19, 2008 to
Mr. Huang by $3.5 million.

Option Exercises and Stock Vested in Fiscal Year 2010

The following table shows information regarding option exercises by our named executive officers during fiscal ye that vested during fiscal year 2010.

Name	Option Awards Number of Shares Acquired on Exercise(#)	Option Awards Value Realized on Exercise ($)(1)
Jen-Hsun Huang	2,604,744(2)	$ 31,390,064
David L. White		
Marvin D. Burkett		
Ajay K. Puri		
David M. Shannon	71,500(3)	504,249
Debora Shoquist		

(1) The value realized on exercise represents the difference between the exercise price per share of the stock optio realized was determined without considering any taxes that may have been owed. The exercise price of each s reported by NASDAQ on the date of grant.

(2) The exercise of the stock option and the sale of the shares acquired during fiscal year 2010 was pursuant to th 2009. This stock option was scheduled to expire on January 30, 2010.

(3) The exercise of the stock option and the sale of the shares acquired during fiscal year 2010 was pursuant to th August 2009. This stock option was scheduled to expire on April 12, 2010.

Employment, Severance and Change-in-Control Agreements

Employment Agreements. Our executives are "at-will" employees and we do not have employment, severance or discussed in *Compensation Discussion and Analysis Severance and Change-in-Control Agreements* for Mr. White.

Change-in-Control Agreements. Our 1998 Plan provides that if we sell all or substantially all of our assets, or we not the surviving corporation, or if there is any other change-in-control, all outstanding awards held by all employees th 1998 Plan will either (a) be assumed or substituted for by the surviving entity or (b) if not assumed or substituted, the ve awards will terminate if they are not exercised prior to the closing of the change-in-control.

Our 2007 Plan provides that in the event of a corporate transaction or a change-in-control, outstanding stock award corporation. If the surviving corporation does not assume, continue, or substitute such stock awards, then (a) with respe services for NVIDIA immediately prior to the effective time of the transaction, the vesting and exercisability provisions awards will be terminated if not exercised prior to the effective date of the corporate transaction or change-in-control, ar exercised on or prior to the effective date of the corporate transaction or change-in-control.

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Potential Payments Upon Termination or Change-in-Control

Potential Payments Upon Change-in-Control. Upon a change-in-control or certain other corporate transactions o
some cases as described above under *Employment, Severance and Change-in-Control Agreements Change-in-Control*
the benefit each of our named executive officers would have received if the unvested options and RSUs held by them as
change-in-control. The estimated benefit amount of unvested options was calculated by multiplying the number of in-th
officer by the difference between the closing price of our common stock on January 29, 2010, the last trading day of fis
exercise price of the option. The estimated benefit amount of unvested RSUs was calculated by multiplying the number
closing price of our common stock on January 29, 2010, the last trading day of fiscal year 2010, as reported by NASDA

Name	Unvested Options and RSUs at January 31, 2010(#)	Total Estimated Benefit($)
Jen-Hsun Huang	805,000	$ 4,746,950
David L. White	365,625	2,592,281
Marvin D. Burkett	23,750	276,263
Ajay K. Puri	166,250	1,345,838
David M. Shannon	217,950	1,872,731
Debora Shoquist	172,850	1,656,872

Potential Payments Upon a Termination following a Change-in-Control. Pursuant to the terms of Mr. White's of
involuntarily terminated as a direct result of the completion of an acquisition of NVIDIA within the first twelve months
option shares would have been accelerated such that 25% of such grant would have been vested as of the date his emplo
January 31, 2010 following the completion of an acquisition of NVIDIA, then 28,125 stock option shares would have a
benefit was calculated by multiplying the 28,125 stock option shares by the difference between the closing price of our
year 2010, as reported by NASDAQ, which was $15.39, and the exercise price of the stock option of $8.30. Mr. White
2010.

COMPENSATION COMMITTEE REPORT

The material in this report is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorpor 1933, as amended, or the Securities Exchange Act of 1934, as amended, other than our Annual Report on Form 10-K, v after the date hereof and irrespective of any general incorporation language in any such filing unless specifically incor

The Compensation Committee of the Board of Directors oversees the compensation programs of NVIDIA on beha Compensation Committee reviewed and discussed with management the Compensation Discussion and Analysis includ

In reliance on the review and discussions referred to above, the Compensation Committee recommended to the Bo the Annual Report on Form 10-K of NVIDIA for the year ended January 31, 2010 and in this proxy statement.

COMPENSATION COMMITTEE

Mark Stevens, Chairman
William J. Miller
Harvey Jones

EQUITY COMPENSATION PLAN INFORMATI

The number of shares issuable upon exercise of outstanding stock options and RSUs, the weighted-average exercis remaining for future issuance under each of our equity compensation plans as of January 31, 2010 are summarized as fo

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)		Weighted-average exercise price of outstanding options, warrants and rights (b)	Nu re eq s
Equity compensation plans approved by security holders(1)	59,918,654	$	10.00(3)	
Equity compensation plans not approved by security holders(2)	5,918,280	$	10.10(3)	
Total	65,836,934	$	10.01(3)	

(1) This row includes our 2007 Plan (which is intended as the successor to and continuation of our 1998 Equity In Plan and our 2000 Nonstatutory Equity Incentive Plan) and our 1998 Employee Stock Purchase Plan. Of thes future rights under our 1998 Employee Stock Purchase Plan as of January 31, 2010. Under our 1998 Employe common stock at a discount on certain dates through payroll deductions within a pre-determined purchase per

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(2)
This row represents the 2000 Nonstatutory Equity Incentive Plan, the PortalPlayer, Inc. 2004 Stock Incentive
described below.

(3)
Represents the weighted average exercise price of outstanding stock options only.

2000 Nonstatutory Equity Incentive Plan

The 2000 Nonstatutory Equity Incentive Plan, or the 2000 Plan, provided for the grant of nonstatutory stock optior price of awards granted under the 2000 Plan are set forth in each optionee's option agreement. The term of nonstatutory 2003 generally have six year terms. Until February 2004, options granted to new employees vested over a period of fou grant and the remaining 75% of the shares vesting quarterly over the next three years. During this same time period, sto quarter over a four-year period from the date of grant. Beginning in February 2004, new employees' initial options vest recognition of performance also vest over a three-year period; however, the option did not begin vesting until the secon in quarterly increments over the remaining one-year period. Generally, an option terminates three months after the term due to the optionee's disability, the exercise period generally is extended to 12 months. If the termination is due to the o or her service terminates, the exercise period generally is extended to 18 months following death. We no longer make o

PortalPlayer, Inc. 2004 Stock Incentive Plan

We assumed the PortalPlayer, Inc. 2004 Stock Incentive Plan, or the 2004 Plan, and all related outstanding options PortalPlayer, in January 2007. The 2004 Plan was adopted by the PortalPlayer stockholders in 2004. Each option we as converted into the right to purchase that number of shares of NVIDIA common stock determined by multiplying the nu option by 0.3601 and then rounding down to the nearest whole number of shares. The exercise price per share for each price by 0.3601 and then rounding up to the nearest whole cent. Vesting schedules and expiration dates for the assumed vest as to 25% of the shares one year after the date of grant and as to 1/48th of the shares each month thereafter and expi grants from this plan.

PortalPlayer, Inc. 1999 Stock Option Plan

We assumed options issued under the PortalPlayer, Inc. 1999 Stock Option Plan, or the 1999 Plan, when we compl Plan was terminated upon completion of PortalPlayer's initial public offering of common stock in 2004. Each option we been converted into the right to purchase that number of shares of NVIDIA common stock determined by multiplying t option by 0.3601 and then rounding down to the nearest whole number of shares. The exercise price per share for each price by 0.3601 and then rounding up to the nearest whole cent. Vesting schedules and expiration dates did not change. one year after the date of grant and as to 1/48th of the shares each month thereafter and expire ten years from the date of

ADDITIONAL INFORMATION

Review of Transactions with Related Persons

It is our policy that all employees, officers and directors must avoid any activity that is in conflict with, or has the a
in our Code of Conduct and our Financial Team Code of Conduct. We conduct a review of all related party transactions
all transactions involving executive officers or directors must be approved by the Nominating and Corporate Governanc
discussed below, we did not conduct any transactions with related persons in fiscal year 2010 that would require disclos

Transactions With Related Persons

We have entered into indemnity agreements with our executive officers and directors which provide, among other
under the circumstances and to the extent provided for therein, for expenses, damages, judgments, fines and settlements
he or she is or may be made a party by reason of his or her position as a director, executive officer or other agent of NV
law and our bylaws. We also intend to execute these agreements with our future executive officers and directors.

See the section above entitled *Employment, Severance and Change-in-Control Agreements* for a description of the
change in-control of NVIDIA.

We have granted stock options to our executive officers and our non-employee directors. See "*Executive Compens*

Section 16(A) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers, directors and pe
securities to file initial reports of ownership and reports of changes in ownership of our common stock and other equity
than 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representation
all Section 16(a) filing requirements applicable to our executive officers, directors and greater than 10% beneficial own
of 75,000 shares of our common stock from a trust under which Mr. Seawell exercises sole voting and dispositive powe
dispositive power, was filed late by Mr. Seawell.

Other Matters

The Board knows of no other matters that will be presented for consideration at the 2010 Annual Meeting. If any o
it is the intention

of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

By Order of the Board o

David M. Shannon
Secretary

April 6, 2010

A COPY OF OUR ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED JANUARY 31, 201 STOCKHOLDERS CONCURRENTLY HEREWITH. STOCKHOLDERS MAY SUBMIT A WRITTEN REQU REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED JANUARY 31, 2010 TO: INVESTOR RELATIO EXPRESSWAY, SANTA CLARA, CALIFORNIA 95050. WE WILL ALSO FURNISH A COPY OF ANY EXH IN WRITING.

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Directions to Our Headquarters Building E

FROM HIGHWAY 101

Take the San Tomas/Montague Exit
Follow the sign to San Tomas Expressway
Stay on San Tomas for less than a mile to Walsh Avenue
Turn left onto Walsh Avenue
Continue on Walsh Avenue to the stoplight at Scott Boulevard
Turn left onto Scott Boulevard
2800 Scott Boulevard is the first office building on the left
Turn left into 2800 Scott Boulevard

FROM INTERSTATE 280

Take the Saratoga Ave/Saratoga Exit towards Santa Clara
Stay on Saratoga Avenue for about 1 mile
Turn left onto San Tomas Expressway and drive for approximately 3 miles to Walsh Avenue
Turn right onto Walsh Avenue
Continue on Walsh Avenue to the stoplight at Scott Boulevard
Turn left onto Scott Boulevard
2800 Scott Boulevard is the first office building on the left
Turn left into 2800 Scott Boulevard