

Corporate Distributions FAQ:

1. **What is the purpose of Internal Revenue Service (IRS) Form 8937, *Report of Organizational Actions Affecting Basis of Securities*?**

In general, Form 8937 is required to report organizational actions that affect a shareholder's basis in a security.

NVIDIA files Form 8937 to report on applicable quarterly dividend payments made in a calendar year where a portion, or all, of such distribution is expected to be treated as a "nondividend distribution" or "return of capital" for U.S. federal income tax purposes.

NVIDIA is required to make this filing for a calendar year commencing at the time and only for those dividend payments where it reasonably expects that a portion, or all, of such distribution will not be taxable as a dividend to shareholders. This is based on the applicable tax rules and considers NVIDIA's facts and circumstances.

Form 8937 can be found on NVIDIA's website at investor.nvidia.com.

For information on the separate Form 8937 relating to conversion ratio adjustments on 1% Convertible Senior Notes, please refer to NVIDIA 1% Convertible Senior Notes Conversion Rate Adjustments FAQ.

2. **For which calendar years have NVIDIA's dividend distributions been treated for U.S. income tax purposes as "nondividend distributions" or "return of capital" as opposed to a "dividend"?**

For U.S. income tax purposes, 100% of NVIDIA's dividend distributions in calendar year 2012 were treated as ordinary dividend payments. For calendar year 2013, 85% of NVIDIA's dividend distributions were treated as ordinary dividend payments and 15% as a nondividend distribution or a return of capital.

NVIDIA is providing Form 8937 for quarterly dividends declared and paid through the third quarter of calendar year 2014. NVIDIA expects 50% of such payments to be treated as ordinary dividend payments and 50% as a nondividend distribution or a return of capital. NVIDIA will publish on its website by January 15, 2015 an updated Form 8937 reporting on the expected federal income tax treatment of all dividend payments made in calendar year 2014.

This same information will be issued to NVIDIA shareholders on IRS Form 1099-DIV, *Dividend and Distributions*, no later than January 31, 2015 (or as allowed by IRS procedures).

3. **What is a nondividend distribution or a return of capital and how is it taxed?**

A nondividend distribution or return of capital is a distribution by a company that is treated, for U.S. income tax purposes, as not made from its earnings or profits, and is non-taxable to the extent of a shareholder's basis in NVIDIA shares. Instead, the basis in NVIDIA shares is reduced by the amount

of nondividend distributions received, down to, but not below, zero. Any return of capital that exceeds the basis in shares may be treated as a capital gain.

Any nondividend distributions or return of capital payments will be separately identified in tax statements.

Specifically, IRS Form 1099-DIV, issued no later than January 31st of each tax year (or as allowed by IRS procedures), will reflect distributions as follows:

- Box 1a “Total ordinary dividends”: the amount of distributions that are treated as an ordinary dividend.
- Box 3 “Nondividend distributions”: the amount of distributions that are treated as a nondividend distribution or return of capital.

See the Instructions to Recipients on Form 1099-DIV and IRS Publication 550, *Investment Income and Expenses*, for additional information.

Each shareholder is urged to consult with a tax advisor to determine his or her basis in NVIDIA shares and the tax consequences of all distributions received, including any state, local or foreign tax considerations.