

Part II Organizational Action (continued)

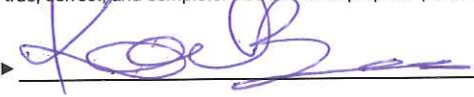
17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See Attached

18 Can any resulting loss be recognized? ▶ See Attached

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See Attached

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ 1/9/2017
Print your name ▶ KAREN BURNS Title ▶ VP F.NANCE

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
<u>David Dello Buono</u>		<u>1/9/2017</u>		<u>P00852533</u>
Firm's name ▶	Firm's EIN ▶		Phone no.	
<u>Ernst and Young LLP</u>	<u>34-6565596</u>		<u>212-773-3000</u>	
Firm's address ▶ <u>5 TIMES SQUARE NEW YORK NY 10036</u>				

NVIDIA Corporation
Attachment to Form 8937
CUSIP number: 67066GAC8
Date of Organizational Action: 8/23/2016

Part II Box 14: Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action

The indenture of the 1.00% Convertible Senior Notes (CUSIP [67066GAC8]), dated 12/2/2013, (the "Convertible Notes") provides for a conversion privilege based on a specified conversion rate that is subject to adjustment by NVIDIA Corporation if any of the events described in Section 14.04 of the indenture occur. As defined under Internal Revenue Code Section 305 and the Treasury Regulations thereunder, certain conversion rate adjustments may result in deemed distributions of stock and stock rights that are treated as distributions of property to which Section 301 applies.

On 8/11/2016, the Board of Directors of NVIDIA Corporation declared a quarterly common stock dividend of \$0.115 per share payable on 9/16/2016 to stockholders of record as of 8/25/2016. As a result, the conversion rate was adjusted based on the cash dividend adjustment formula in the indenture. Such adjustment was effective on 8/23/2016 pursuant to Section 14.04(d) of the indenture. The distribution made on 8/23/2016 was in excess of the current and accumulated earnings and profits of NVIDIA Corporation.

Part II Box 15: Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis

NVIDIA Corporation expects the conversion rate adjustment to be treated for U.S. federal income tax purposes as a Section 305(c) deemed distribution in an amount equal to the fair market value of the incremental stock rights attributable to the adjustment to the conversion rate. The amount of the deemed distribution was calculated to be \$1.49 per \$1,000 of notional as shown below.

NVIDIA Corporation has positive current earnings and profits and a deficit in accumulated earnings and profits. The distributions paid on 8/23/2016 are in excess of the current earnings and profits, based on reasonable assumptions currently available. Of the total distributions paid on 8/23/2016, 40 percent of the distribution was treated as a dividend and 60 percent was a return of capital. As a result, the dividend was \$0.60 per \$1,000 notional and \$0.89 per \$1,000 notional was a return of capital. A holder's tax basis in the Convertible Note should increase by the amount of the dividend and decrease by the amount of the return of capital.

Part II Box 16: Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates

Consistent with Prop. Reg. § 1.305-7(c)(4)(i)(A)-(B), 81 FR 21795-01, 21803 (4/13/2016), the amount of the deemed distribution is the excess of (i) the fair market value of the right to acquire stock immediately after the applicable adjustment over (ii) the fair market value of the right to acquire stock without the applicable adjustment. We estimated the fair market value of the deemed distribution as the difference between the value of the Convertible Notes "with" the applicable Conversion Ratio Adjustment (CRA) and "without" the applicable CRA, as of the effective date of such adjustment, 8/23/2016 (the "Effective Date").

In the “with” scenario, we estimated the fair market value of the Convertible Notes including the applicable CRA and using convertible debt valuation models that consider the terms of the instrument as of the Effective Date. The conversion ratio in the “with” scenario is 49.8058 shares per \$1,000 of notional.

In the “without” scenario, we estimated the fair market value of the Convertible Notes excluding the applicable CRA and using convertible debt valuation models that consider the terms of the instrument as of the Effective Date. The conversion ratio in the “without” scenario is 49.7818 shares per \$1,000 of notional.

The fair market value of the deemed distribution is the difference of the value of the Convertible Notes in the “with” and “without” scenarios.

The convertible bond models use certain observable inputs such as our opening stock price and constant maturity US treasury yields, and unobservable inputs such as expected equity volatility, and our cost of debt.

For the unobservable inputs, our cost of debt was based on yields on debt instruments of similar rating to our corporate credit rating and with similar term and seniority to the Convertible Notes as of the effective date. Our volatility estimate was based on our historical equity volatility, and the implied volatilities observed on our exchange traded options.

Part II Box 17: List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based

Section 305(c) of the Internal Revenue Code of 1986, as amended.

Distributions to shareholders to the extent of the corporation’s earnings and profits are reported as taxable dividends in accordance with Section 316. In the event a distribution to shareholders exceeds corporate current and accumulated earnings and profits under Section 312, shareholders must apply the rules of Section 301(c) to determine if the distributions are a non-taxable return of basis under Section 301(c)(2) or if the distribution is reported as a capital gain under Section 301(c)(3).

The issuer has positive current earnings and profits and a deficit in accumulated earnings and profits, where earnings and profits was computed in accordance with Section 312.

Part II Box 18: can any resulting loss be recognized?

No loss can be recognized on the 305(c) deemed distribution.

Part II Box 19: Provide any other information necessary to implement the adjustment, such as the reportable tax year

The conversion rate adjustments were effective immediately after the open of business on the ex-dividend date for such dividend distribution, 8/23/2016. Consequently, the reportable taxable year for the deemed distribution to holders of the Convertible Notes is 2016.