

PART I

ITEM 1. BUSINESS

Our Company

NVIDIA is a visual computing company. In a world increasingly filled with visual displays, our graphics technologies let our customers interact with the world of digital ideas, information and entertainment with an efficiency that no other communication medium can match.

Our strategy is to be the world leader in visual computing. We target applications in each of the major computing platforms - PC, cloud, mobile - where we can create value. Our target markets are gaming, design and visualization, high performance computing, or HPC, and data center, and automotive and smart devices. We deploy business models we believe are best suited for each application, whether IP, chips, systems, or NVIDIA-branded devices and services.

We have long been known for bringing video games to life with our PC graphics chips. With our invention of the GPU, we introduced the world to the power of programmable shading, which defines modern computer graphics. Today, we reach well beyond PC graphics and games. Our energy-efficient processors are at the heart of products ranging from smartphones to automobiles to supercomputers. We believe in leveraging our processors and visual computing expertise to create differentiated products.

PC gamers choose our GPUs to enjoy immersive fantasy worlds. Our Tegra system-on-a-chip, or SOC, processors power smartphones, tablets and automobile infotainment systems. Professional designers use our GPUs to create visual effects in movies and design everything from audio headsets to commercial aircraft. Supercomputers take advantage of the massively parallel processing capabilities of our GPUs to accelerate a wide range of important applications, from simulations of viruses to weather forecasting and global oil exploration.

NVIDIA's research and development in visual computing has yielded approximately 7,000 patent assets, including inventions essential to modern computing.

Our businesses are based on two technologies with a consistent underlying graphics architecture: the GPU and the Tegra processor.

GPUs, each with billions of transistors, are the engines of visual computing and among the world's most complex processors. We have GPU product brands aimed at specific users and applications: GeForce for gamers; Quadro for designers; Tesla for researchers; and GRID for cloud-based graphics.

- In gaming, GPUs enhance the gaming experience on PCs by improving the visual quality of graphics, increasing the frame rate for smoother gameplay and improving realism by replicating the behavior of light and physical objects.
- For designers, GPUs improve productivity and introduce new capabilities. For example, an architect designing a new building in a CAD package can interact with the model in real time, the model can be more detailed, and photo realistic renderings can be generated for the client.
- Researchers can use GPUs to run their simulations faster while consuming less power, increasing the accuracy of weather forecasts, or pricing financial derivatives more quickly.
- GRID uses GPUs to deliver graphics performance remotely, from the cloud. Uses include gaming, professional applications provided as a service (SaaS) and improving Citrix and VMware installations.

The Tegra processor is a SOC integrating an entire computer on a single chip. Tegra processors incorporate GPUs and multi-core CPUs together with audio, video and input/output capabilities. They can also be integrated with baseband processors to add voice and data communication. Our Tegra SOC conserves power while delivering state-of-the-art graphics and multimedia processing.

Tegra runs devices like smartphones, tablets and PCs; it can also be embedded into smart devices, such as televisions, monitors, set-top boxes, gaming devices and cars. SHIELD, our Android gaming device based on Tegra, contains proprietary NVIDIA-developed software and system technologies and leverages our deep partnerships with game developers.

Headquartered in Santa Clara, California, we were incorporated in California in April 1993 and reincorporated in Delaware in April 1998.

Our Businesses

Our two reporting segments - GPU and Tegra Processor - leverage a single, unified architecture. On this foundation, we build technologies for each of the major computing platforms - PC, cloud, mobile. We create differentiated brands to target large markets - Gaming, Design and Visualization, HPC and Data Center, and Automotive and Smart Devices - where visual computing is challenging.



Businesses NVIDIA Brands and Product Lines

GPU

- **GeForce** for consumer desktop and notebook PCs
- **Quadro** for professionals working in computer-aided design, video editing, special effects and other applications
- **Tesla** for supercomputing and big data applications
- **GRID** to provide the power of NVIDIA graphics through the cloud

Tegra Processor

- **Tegra** processors for smartphones, tablets, gaming devices, other computer devices such as Windows RT-based devices, set-top boxes, chromebooks, clamshells, and others
- **Icera** baseband processors and radio frequency (RF) transceivers for mobile connectivity
- **Tegra NOTE**, a complete tablet platform based on Tegra 4
- **Tegra VCM**, a Tegra-based vehicle computing module that integrates an entire automotive computer into a single component
- **SHIELD**, an Android gaming device optimized to help users enjoy digital content in the cloud

In addition, we have also announced an IP licensing initiative designed to bring our GPU technology to new markets.

Our Markets

We are focused on markets in which visual computing is important, such as gaming, design and visualization, HPC and data center, and automotive and smart devices.

Gaming

We focus on open platforms - PCs, mobile devices and the cloud. We build processors to deliver the best graphics for a great gaming experience, sophisticated 3D software and algorithms that are incorporated into games, and technology that enables games to be played remotely from the cloud.

Our products for the gaming market include: GeForce GTX GPUs for PC gaming; Tegra processors for mobile devices; the GRID visual computing appliance, which streams games from the cloud to connected devices; and SHIELD. These products can be enjoyed independently or in conjunction with each other to connect the gaming experience across platforms. For example, gamers can use SHIELD to play Android games or stream games from a PC with a GeForce processor; or they can stream games from a GRID gaming server to their PC or TV.

Design and Visualization

Our strategy is to serve as our customers' most trusted graphics partner, working closely with independent software vendors to optimize their offerings for NVIDIA GPUs. Our visual computing solutions enhance productivity for critical parts of the workflow of major industries, ranging from automotive, to film and television broadcast.

Visual computing is vital to productivity in many environments:

- **Design and Manufacturing** - including computer-aided design, architectural design, consumer-products manufacturing, medical instrumentation, and science and aerospace
- **Media and Entertainment** - including professional video editing and movie post production, special effects for movies and television, advertising, and virtual sets for broadcast
- **Virtual Desktop Infrastructure (VDI)** - many enterprises choose to virtualize their IT infrastructure using software from companies such as Citrix and VMware; for these environments, NVIDIA GRID hardware and software can significantly improve the end-user experience

NVIDIA brands for this market include Quadro GPUs for workstations and GRID for enterprise VDI.

NVIDIA Quadro GPUs enhance the productivity of designers by improving performance and adding functionality, such as photorealistic rendering for computer-aided design workstations. Other applications include professional video editing, generating special effects in movies and creating virtual sets for broadcast.

GRID makes it possible to run graphics-intensive applications remotely on a server in the datacenter, instead of locally on a PC or workstation. Applications include accelerating virtual desktop infrastructures and delivering graphics-intensive applications from the cloud.

HPC and Data Center

Our strategy for the HPC and data center market is to serve demand for big data analytics, including aerospace simulation, molecular dynamics, bio-science simulations of viruses, oil and gas exploration.

NVIDIA Tesla applies the parallel-processing capability of GPUs to general-purpose computing problems, greatly increasing performance and power efficiency over CPU-only solutions. Tesla-based servers and supercomputers increase the speed of applications used in bio-science research, mechanical and fluid simulations, energy exploration, computational finance and in big data analytics.

Automotive and Smart Devices

The foundation of our mobile computing strategy is the Tegra processor, which harnesses our expertise in computer chip, software and system design, while leveraging our world-leading expertise in visual computing.

The mobile market is more than smartphones. The combination of Tegra and our significant computing software assets enables us to address the many new markets for connected smart devices. For example, millions of cars are sold each year, and all, we believe, will eventually include multiple smart devices similar to Tegra-based computers that augment our driving experience. They will ensure our safety and the safety of those around us, search and navigate to destinations through heads-up displays, and enhance our comfort and enjoyment. Cars will be connected to our mobile devices. They may someday drive themselves out of parking garages to meet their owners, with the seat and temperature already set to their liking. These features could be enabled by sophisticated navigation and infotainment systems, as well as next-generation safety and driver-assistance systems.

Increasingly, devices are becoming smarter and more connected. There will be smart TVs that respond to voice and gesture commands, smart monitors powered by Android making a PC optional, and watches and jewelry that recognize voice commands and make calls. Our mobile vision is to put Tegra into every device where visual computing is valued.

Our Strategies

Extend Technology Leadership in Visual Computing. We believe that visual computing is fundamental to the continued expansion of computing and essential to new computing experiences that define the future of computing. We apply our expertise in these areas to enhance the user experience for consumer entertainment and professional visualization applications. We focus our significant R&D depth and scale to extend our visual computing leadership.

Enable and Deliver the World's Best Gaming Experiences. By focusing on open platforms and end-to-end experiences, we aim to bring the highest fidelity and quality to any gaming device. We have a broad portfolio of products and technologies optimized for gamers - GPUs and software, mobile SOCs, value-added solutions such as GeForce Experience and TegraZone, differentiated devices like SHIELD, and technologies and appliances for high-quality streaming in GRID.

Revolutionize Computing with the Parallel Processing Capability of the GPU. NVIDIA CUDA is a general purpose parallel computing platform that leverages the thousands of massively parallel processors inside an NVIDIA GPU to solve many complex computational problems in a fraction of the time required by a CPU and at a fraction of the power consumption. We work with developers worldwide who write programs for the CUDA platform using various high-level programming languages. Developers are able to accelerate applications in areas ranging from molecular dynamics to image processing, derivatives modeling for financial risk analysis and big data analytics.

Extend our Visual Computing Leadership into Mobile and Cloud Computing Platforms. Mobile, cloud and SaaS are driving changes in the computer industry. We believe visual computing will be a key component in this new computing paradigm. We want to enable interactive graphics applications like games, movie and photo editors, and design software to be accessed from any computer and from anywhere. We also believe that the user experience in VDIs, such as those enabled by Citrix and VMware, should be indistinguishable from traditional, non-virtual, environments.

Leverage our Processors and Visual Computing Expertise to Create Differentiated Devices. We leverage our significant R&D depth and scale to create differentiated products, including SHIELD. SHIELD is intended to attract modern gamers who want to play on open platforms. We believe SHIELD also enhances the strategic position of Tegra, for example, by attracting more games to TegraZone, which will in turn make every Tegra-powered device more enjoyable.

Use Our Intellectual Property and Resources to Enter into License and Development Contracts. We believe our intellectual property portfolio is a valuable asset that can be monetized by licensing our technology to customers that desire to build such capabilities directly into their own products. Such license and development arrangements may further enhance the reach of our graphics and mobile technology.

Sales and Marketing

Our worldwide sales and marketing strategy is key to our objective to become the leading supplier of high-performance and efficient GPUs and mobile SOC products. Our sales and marketing teams work closely with each industry's respective original equipment manufacturers, or OEMs, original design manufacturers, or ODMs, system builders, motherboard manufacturers, add-in board manufacturers, or AIBs, and industry trendsetters, collectively referred to as our Channel, to define product features, performance, price and timing of new products. Members of our sales team have a high level of technical expertise and product and industry knowledge to support the competitive and complex design win process. We also employ a highly skilled team of application engineers to assist our Channel in designing, testing and qualifying system designs that incorporate our products. We believe that the depth and quality of our design support are keys to improving our Channel's time-to-market, maintaining a high level of customer satisfaction within our Channel and fostering relationships that encourage customers to use the next generation of our products.

In the markets we serve that purchase our GPUs, the sales process involves achieving key design wins with leading OEMs and major system builders and supporting the product design into high volume production with key ODMs, motherboard manufacturers and AIBs. These design wins in turn influence the retail and system builder channel that is serviced by AIB and motherboard manufacturers. Our distribution strategy is to work with a number of leading independent contract equipment manufacturers, or CEMs, ODMs, motherboard manufacturers, AIBs and distributors, each of which have relationships with a broad range of major OEMs and/or strong brand name recognition in the retail channel. Currently, we sell a significant portion of our processors directly to distributors, CEMs, ODMs, motherboard manufacturers and AIBs, which then sell boards and systems with our products to leading OEMs, retail outlets and a large number of system builders. In the Tegra Processor segment that we serve, the sales process primarily involves achieving key design wins directly with the leading mobile OEMs and supporting the product design into high-volume production.

As a result of our Channel strategy, a small number of our customers represent the majority of our revenue. However, their end customers consist of a large number of OEMs and system builders throughout the world. Sales to our largest customer accounted for 11% of our total revenue for fiscal year 2014.

To encourage software title developers and publishers to develop games optimized for platforms utilizing our products and enterprise applications optimized for our GPUs, we seek to establish and maintain strong relationships in the software development community. Engineering and marketing personnel interact with and visit key software developers to promote and discuss our products, as well as to ascertain product requirements and solve technical problems. Our developer program makes certain that our products are available to developers prior to volume availability in order to encourage the development of software applications and game titles that are optimized for our products.

Backlog

Our sales are primarily made pursuant to standard purchase orders. The quantity of products purchased by our customers as well as our shipment schedules are subject to revisions that reflect changes in both the customers' requirements and in manufacturing availability. The semiconductor industry is characterized by short lead time orders and quick delivery schedules. In light of industry practice and experience, we believe that only a small portion of our backlog is non-cancelable and that the dollar amount associated with the non-cancelable portion is not significant.

Seasonality

Our GPU and Tegra processor products serve many markets from consumer PC gaming to enterprise workstations to government and service provider cloud datacenters; however, a majority of our revenue is consumer focused. Our consumer products have typically seen stronger revenue in the second half of our fiscal year. However, there can be no assurance that this trend will continue.

Manufacturing

We do not directly manufacture semiconductor wafers used for our products. Instead, we utilize what is known as a fabless manufacturing strategy for all of our product-line operating segments whereby we employ world-class suppliers for all phases of the manufacturing process, including wafer fabrication, assembly, testing and packaging. This strategy uses the expertise of industry-leading suppliers that are certified by the International Organization for Standardization in such areas as fabrication, assembly, quality control and assurance, reliability and testing. In addition, this strategy allows us to avoid many of the significant costs and risks associated with owning and operating manufacturing operations. Our suppliers are also responsible for procurement of most of the raw materials used in the production of our products. As a result, we can focus our resources on product design, additional quality assurance, marketing and customer support.

We utilize industry-leading suppliers, such as Taiwan Semiconductor Manufacturing Company Limited, to produce our semiconductor wafers. We then utilize independent subcontractors, such as Advanced Semiconductor Engineering, Inc., JSI Logistics Ltd., King Yuan Electronics Co., Ltd. and Siliconware Precision Industries Company Ltd. to perform assembly, testing and packaging of most of our products. We purchase substrates from IbidenCo., Ltd., Nanya Technology Corporation, and Unimicron Technology Corporation.

We typically receive semiconductor products from our subcontractors, perform incoming quality assurance and then ship the semiconductors to CEMs, distributors, motherboard and AIB customers from our third-party warehouse in Hong Kong. Generally, these manufacturers assemble and test the boards based on our design kit and test specifications, and then ship our products to retailers, system builders or OEMs as motherboard and add-in board solutions.

Inventory and Working Capital

We focus considerable attention on managing our inventories and other working-capital-related items. We manage inventories by communicating with our customers and then using our industry experience to forecast demand on a product-by-product basis. We then place manufacturing orders for our products that are based on forecasted demand. The quantity of products actually purchased by our customers as well as shipment schedules are subject to revisions that reflect changes in both the customers' requirements and in manufacturing availability. We generally maintain substantial inventories of our products because the semiconductor industry is characterized by short lead time orders and quick delivery schedules. A substantial amount of our inventories are maintained as semi-finished products that can be leveraged across a wide range of our processors to balance our customer demands.

Our existing cash and marketable securities balances increased by 25.3% to \$4.67 billion at the end of fiscal year 2014 compared with the end of fiscal year 2013, primarily due to our issuance of \$1.5 billion in Convertible Senior Notes in December 2013. We believe that these balances and our anticipated cash flows from operations will be sufficient to meet our operating, acquisition, capital purchases and our intended capital return to shareholders needs for at least the next twelve months.

Research and Development

We believe that the continued introduction of new and enhanced products designed to deliver leading visual computing technology including 3D graphics, HD video, audio, ultra-low power consumption and SOC architectures is essential to our future success. Our research and development strategy is to focus on concurrently developing multiple generations of GPUs and Tegra Processors, including GPUs for high-performance computing, and Tegra SOCs for SHIELD and other mobile products using independent design teams. Our research and development efforts are performed within specialized groups consisting of software engineering, hardware engineering, very large scale integration design engineering, process engineering, architecture and algorithms. These groups act as a pipeline designed to allow the efficient simultaneous development of multiple generations of products.

A critical component of our product development effort is our partnerships with leaders in the computer-aided design industry. We invest significant resources in the development of relationships with industry leaders, often assisting these companies in the product definition of their new products. We believe that forming these relationships and utilizing next-generation development tools to design, simulate and verify our products will help us remain at the forefront of the 3D graphics market and develop products that utilize leading-edge technology on a rapid basis. We believe this approach assists us in meeting the new design schedules of PC OEMs and other manufacturers. We believe in leveraging our significant R&D depth and scale to create differentiated products.

As of January 26, 2014, we had 6,384 full-time employees engaged in research and development. During fiscal years 2014, 2013 and 2012, we incurred research and development expense of \$1,335.8 million, \$1,147.3 million and \$1,002.6 million, respectively.

Competition

The market for our products is intensely competitive and is characterized by rapid technological change, evolving industry standards and declining average selling prices. We believe that the principal competitive factors in this market are performance, breadth of product offerings, access to customers and distribution channels, software support, conformity to industry standard Application Programming Interfaces, manufacturing capabilities, processor pricing and total system costs. We believe that our ability to remain competitive will depend on how well we are able to anticipate the features and functions that customers will demand and whether we are able to deliver consistent volumes of our products at acceptable levels of quality and at competitive prices. We expect competition to increase from both existing competitors and new market entrants with products that may be less costly than ours, or may provide better performance or additional features not provided by our products. In addition, it is possible that new competitors or alliances among competitors could emerge and acquire significant market share.

A significant source of competition comes from companies that provide or intend to provide GPUs and mobile SOC products. Some of our competitors may have greater marketing, financial, distribution and manufacturing resources than we do and may be more able to adapt to customer or technological changes.

Our current competitors include:

- suppliers of discrete and integrated GPUs, including supercomputers and chipsets that incorporate 3D graphics functionality as part of their existing solutions, such as Advanced Micro Devices, or AMD, and Intel Corporation;
- suppliers of SOC products that support tablets, smartphones, and PCs as well as products that are embedded into smart devices such as televisions, monitors, set-top boxes, gaming devices and automobiles, such as AMD, ARM Holdings plc, or ARM, Broadcom Corporation, Freescale Semiconductor Inc., HiSilicon Technologies Co., Ltd., Imagination Technologies Ltd., Intel, Marvell Technology Group Ltd., Mediatek, Qualcomm Incorporated, Renesas Technology Corp., Samsung Electronics Co. Ltd., ST Microelectronics, and Texas Instruments Incorporated;
- licensors of graphics technologies, such as ARM and Imagination Technologies Group plc.; and
- suppliers of cellular basebands, such as Broadcom Corporation, HiSilicon Technologies Co., Ltd., Intel, Marvell Technology Group Ltd., Mediatek, Qualcomm Incorporated, Samsung Electronics Co. Ltd., and Spreadtrum Communications Co., Ltd.

If and to the extent we offer products in new markets, we may face competition from existing competitors as well as from companies with which we currently do not compete. We expect substantial competition from both Intel's and AMD's, strategy of selling platform solutions, including integrating a CPU and a GPU on the same chip or same package, as evidenced by Intel's CPUs with integrated graphics and AMD's accelerated processing unit, or APU, products. As AMD and Intel continue to pursue platform solutions and integrated CPUs, we may not be able to successfully compete and our business could be negatively impacted.

Patents and Proprietary Rights

We rely primarily on a combination of patents, trademarks, trade secrets, employee and third-party nondisclosure agreements and licensing arrangements to protect our intellectual property in the United States and internationally. Our currently issued patents have expiration dates from April 2014 to September 2033. We have numerous patents issued, allowed and pending in the United States and in foreign jurisdictions. Our patents and pending patent applications primarily relate to our products and the technology used in connection with our products. We also rely on international treaties, organizations and foreign laws to protect our intellectual property. The laws of certain foreign countries in which our products are or may be manufactured or sold, including various countries in Asia, may not protect our products or intellectual property rights to the same extent as the laws of the United States. This decreased protection makes the possibility of piracy of our technology and products more likely. We continuously assess whether and where to seek formal protection for particular innovations and technologies based on such factors as:

- the location in which our products are manufactured;
- our strategic technology or product directions in different countries;
- the degree to which intellectual property laws exist and are meaningfully enforced in different jurisdictions; and
- the commercial significance of our operations and our competitors' operations in particular countries and regions.

We have also licensed technology from third parties for incorporation in some of our products and for defensive reasons, and expect to continue to enter into such license agreements.

Employees

As of January 26, 2014, we had 8,808 employees, 6,384 of whom were engaged in research and development and 2,424 of whom were engaged in sales, marketing, operations and administrative positions.

Environmental Regulatory Compliance

To date, we have not incurred significant expenses related to environmental regulatory compliance matters. For additional detail see “Item 1A. Risk Factors - Risks Related to Regulatory, Legal, Our Common Stock and Other Matters - *Our failure to comply with any applicable environmental regulations could result in a range of consequences, including fines, suspension of production, excess inventory, sales limitations, and criminal and civil liabilities.*”

Financial Information by Reporting Segment and Geographic Data

The information included in Note 16 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K, including financial information by reporting segment and revenue and long-lived assets by geographic region, is hereby incorporated by reference. For additional detail regarding the risks attendant to our foreign operations see “Item 1A. Risk Factors - Risks Related to Our Business, Industry and Partners - *We are subject to risks associated with international operations which may harm our business.*”

Executive Officers of the Registrant

The following sets forth certain information regarding our executive officers, their ages and their positions as of March 7, 2014:

Name	Age	Position
Jen-Hsun Huang	51	President, Chief Executive Officer and Director
Colette M. Kress	46	Executive Vice President and Chief Financial Officer
Ajay K. Puri	59	Executive Vice President, Worldwide Sales
David M. Shannon	58	Executive Vice President, Chief Administrative Officer and Secretary
Debora Shoquist	59	Executive Vice President, Operations

Jen-Hsun Huang co-founded NVIDIA in April 1993 and has served as its President, Chief Executive Officer and a member of the Board of Directors since its inception. From 1985 to 1993, Mr. Huang was employed at LSI Logic Corporation, a computer chip manufacturer, where he held a variety of positions, most recently as Director of Coreware, the business unit responsible for LSI's “system-on-chip” strategy. From 1983 to 1985, Mr. Huang was a microprocessor designer for Advanced Micro Devices, Inc., a semiconductor company. Mr. Huang holds a B.S.E.E. degree from Oregon State University and an M.S.E.E. degree from Stanford University.

Colette M. Kress joined NVIDIA in September 2013 as Executive Vice President and Chief Financial Officer. Prior to NVIDIA, Ms. Kress most recently served as Senior Vice President and Chief Financial Officer of the Business Technology and Operations Finance organization at Cisco Systems, Inc., a networking equipment company, since 2010. At Cisco, Ms. Kress was responsible for financial strategy, planning, reporting and business development for all business segments, engineering and operations. From 1997 to 2010 Ms. Kress held a variety of positions at Microsoft Corporation, a software company, including, beginning in 2006, Chief Financial Officer of the Server and Tools division, where Ms. Kress was responsible for financial strategy, planning, reporting and business development for the division. Prior to joining Microsoft, Ms. Kress spent eight years at Texas Instruments Incorporated, a semiconductor company, where she held a variety of finance positions. Ms. Kress holds a B.S. degree in Finance from University of Arizona and an M.B.A. degree from Southern Methodist University.

Ajay K. Puri joined NVIDIA in December 2005 as Senior Vice President, Worldwide Sales and became Executive Vice President, Worldwide Sales in January 2009. Prior to NVIDIA, he held positions in sales, marketing, and general management over a 22-year career at Sun Microsystems, Inc., a computing systems company. Mr. Puri previously held marketing, management consulting, and product development positions at Hewlett-Packard Company, an information technology company, Booz Allen Hamilton Inc., a management and technology consulting company, and Texas Instruments. Mr. Puri holds a B.S.E.E. degree from the University of Minnesota, an M.S.E.E. degree from the California Institute of Technology and an M.B.A. degree from Harvard Business School.

David M. Shannon serves as Executive Vice President, Chief Administrative Officer and Secretary of NVIDIA. In this role, he is responsible for NVIDIA's legal and human resources functions, as well as intellectual property licensing. Mr. Shannon joined NVIDIA in August 2002 as Vice President and General Counsel. Mr. Shannon became Secretary of NVIDIA in April 2005, a Senior Vice President in December 2005 and an Executive Vice President in January 2009. In January 2013, Mr. Shannon also became the head of Human Resources. Mr. Shannon was promoted to the role of Chief Administrative Officer in January 2014. From 1993 to 2002, Mr. Shannon held various counsel positions at Intel, most recently the position of Vice President and Assistant General Counsel. Mr. Shannon also practiced for eight years in the law firm of Gibson Dunn and Crutcher, focusing on complex commercial and high-technology related litigation. Mr. Shannon holds B.A. and J.D. degrees from Pepperdine University.

Debora Shoquist joined NVIDIA in September 2007 as Senior Vice President of Operations and became Executive Vice President of Operations in January 2009. From 2004 to 2007, Ms. Shoquist served as Executive Vice President of Operations at JDS Uniphase Corporation, a provider of communications test and measurement solutions and optical products for the telecommunications industry. From 2002 to 2004, Ms. Shoquist served as Senior Vice President and General Manager of the Electro-Optics business at Coherent, Inc., a manufacturer of commercial and scientific laser equipment. Ms. Shoquist's experience includes her role at Quantum Corporation, a data protection company, as the President of the Personal Computer Hard Disk Drive Division. Ms. Shoquist's experience also includes senior roles at Hewlett-Packard. Ms. Shoquist holds a B.S. degree in Electrical Engineering from Kansas State University and a B.S. degree in Biology from Santa Clara University.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended, are available free of charge on or through our web site, <http://www.nvidia.com>, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission, or the SEC. Our web site and the information on it or connected to it are not a part of this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

In evaluating NVIDIA and our business, the following factors should be considered in addition to the other information in this Annual Report on Form 10-K. Before you buy our common stock, you should know that making such an investment involves some risks including, but not limited to, the risks described below. Additionally, any one of the following risks could seriously harm our business, financial condition and results of operations, which could cause our stock price to decline. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.

Risks Related to Our Business, Industry and Partners***If we are unable to compete in the markets for our products, our financial results will be adversely impacted***

The market for our products is extremely competitive, and we expect competition to intensify as current competitors expand their product offerings, industry standards continue to evolve and others realize the market potential of mobile and consumer products and services.

We expect competition to increase from both existing competitors and new market entrants with products that may be less costly than ours, or may provide better performance or additional features not provided by our products. In addition, it is possible that new competitors or alliances among competitors could emerge and acquire significant market share. Furthermore, competitors with greater financial resources may be able to offer lower prices than us, or they may offer additional products, services or other incentives that we may not be able to match. In addition, many of our competitors operate and maintain their own fabrication facilities and have longer operating histories, greater name recognition, larger customer bases, and greater sales, marketing and distribution resources than we do. In order to effectively compete we may have to invest more resources in research and development than anticipated, which could increase our operating expenses and negatively impact our operating results. If we are required to invest significantly greater resources than anticipated in research and development efforts without a corresponding increase in revenue, our operating results could decline. In order to remain competitive and meet the demands of the markets we serve, we expect to devote a substantial portion of our resources to research and development. Our ability to compete will depend on, among other factors, our ability to:

- continue to keep pace with technological developments;
- develop and introduce new products, services, technologies and enhancements on a timely basis;
- transition our semiconductor products to increasingly smaller line width geometries;
- obtain sufficient foundry capacity and packaging materials;
and
- succeed in significant foreign markets, such as China and India.

If we are unable to compete in our current or new markets, demand for our products could decrease which could cause our revenue to decline and our financial results to suffer. If and to the extent we offer products in new markets, we may face competition from existing competitors as well as from companies with which we currently do not compete. We expect substantial competition from both Intel and AMD's, strategy of selling platform solutions, including integrating a CPU and a GPU on the same chip or same package, as evidenced by Intel's CPUs with integrated graphics and AMD's APU product. As AMD and Intel continue to pursue platform solutions and integrated CPUs, we may not be able to successfully compete and our business could be negatively impacted. Despite the use of these integrated CPUs, personal computer, or PC, builders and consumers have continued to embrace discrete GPUs to provide higher performance. If integrated CPUs offer a more compelling value proposition in the future, PC builders and consumers may move away from the use of discrete GPUs, which could adversely affect our business and cause our financial results to decline.

We are implementing a business strategy to license our GPU cores and visual computing patent portfolio to device manufacturers. Although we have engaged in licensing in the past, we are now engaging a broader market with new and existing competitors who may be able to adapt more quickly to customer requirements and emerging technologies. We cannot be assured of the extent of the demand for licenses to our GPU cores or other elements of our visual computing patent portfolio, or that we will be able to compete successfully against current or new competitors who may have stronger positions in these new markets.