



NVIDIA Provides Second Quarter Fiscal 2009 Business Update

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Company Lowers Financial Outlook for Second Quarter and Plans to Take One-Time Charge for Certain Notebook Field Failures.

PR9.NET July 06, 2008 - DUBAI, UAE - NVIDIA Corporation (Nasdaq: NVDA), the world leader in visual computing technologies, provided a business update for its second quarter ending July 27, 2008.

- Second quarter revenue and gross margin are expected to be lower than guidance provided during its first quarter financial conference call held May 8, 2008. Total revenue is now estimated to be from \$875 million to \$950 million. The estimated decrease in revenue and gross margin is due to several reasons: end-market weakness around the world, the delayed ramp of a next generation MCP, and price adjustments of our GPU products to respond to competitive products.
- Separately, NVIDIA plans to take a one-time charge from \$150 million to \$200 million against cost of revenue for the second quarter to cover anticipated warranty, repair, return, replacement and other costs and expenses, arising from a weak die/package material set in certain versions of its previous generation GPU and MCP products used in notebook systems. Certain notebook configurations with GPUs and MCPs manufactured with a certain die/package material set are failing in the field at higher than normal rates. To date, abnormal failure rates with systems other than certain notebook systems have not been seen. NVIDIA has initiated discussions with its supply chain regarding this material set issue and the Company will also seek to access insurance coverage for this matter.

Regarding the notebook field failures, NVIDIA president and CEO Jen-Hsun Huang stated:

"Although the failure appears related to the combination of the interaction between the chip material set and system design, we have a responsibility to our customers and will take our part in resolving this problem. The GPU has become an increasingly important part of the computing experience and we are seeing more interest by PC OEMs to adopt GPUs in more platforms. Recognizing that the GPU is one of the most complex processors in the system, it is critical that we now work more closely with notebook system designers and our chip foundries to ensure that the GPU and the system are designed collaboratively for the best performance and robustness."

Today's high performance notebooks are highly complex systems with extreme thermal environments. The combination of limited thermal management and frequent power cycling is particularly challenging for complex processors like the GPU.

Huang added, "This has been a challenging experience for us. However, the lessons we've learned will help us build far more robust products in the future, and become a more valuable system design partner to our customers. As for the present, we have switched production to a more robust die/package material set and are working proactively with our OEM partners to develop system management software that will provide better thermal management to the GPU."

For more information about the one-time charge for notebook field failures, please refer to NVIDIA's current report on Form 8-K dated July 2, 2008 filed with the Securities and Exchange Commission.

No conference call will be held in conjunction with this business update. Additional commentary pertaining to the second quarter and the notebook field failures will be available when NVIDIA reports its second quarter financial results on August 12, 2008.

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About NVIDIA

NVIDIA is the world leader in visual computing technologies and the inventor of the GPU, a high-(performance processor which generates breathtaking, interactive graphics on workstations, personal computers, game consoles, and mobile devices. NVIDIA serves the entertainment and consumer market with its GeForce® products, the professional design and visualization market with its Quadro® products, and the high-performance computing market with its Tesla™ products. NVIDIA is headquartered in Santa Clara, Calif. and has offices throughout Asia, Europe, and the Americas. For more information, visit www.nvidia.com.

About Oak Consulting

OAK Consulting is a young and dynamic Public Relations and Marketing Consultancy company in the UAE. We are 2 like-minded entrepreneurs - creative and strategic thinkers - who bring professional and educational credentials as well as extensive PR and marketing experience to your business.

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