NVIDIA CORP
Form 10-Q
May 27, 2011

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

FORM 10-Q

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

For the quarterly period ended May 1, 2011

OR

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

Commission file number: 0-23985

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

Delaware	94-3177549
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

2701 San Tomas Expressway
Santa Clara, California 95050
(408) 486-2000
(Address, including zip code, and telephone number, including area code, of principal executive offices)

N/A
(Former name, former address and former fiscal year if changed since last report)

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 x No o

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 x No o

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

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

The number of shares of common stock, $0.001 par value, outstanding as of May 23, 2011, was 600,288,389.

NVIDIA CORPORATION
FORM 10-Q
FOR THE QUARTER ENDED MAY 1, 2011

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

NVIDIA CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(In thousands, except per share data)

	Three Months Ended	
	May 1, 2011	May 2, 2010
Revenue	$ 962,039	$ 1,001,813
Cost of revenue	477,536	545,436
Gross profit	484,503	456,377
Operating expenses		
Research and development	231,524	218,105
Sales, general and administrative	98,117	90,879
Total operating expenses	329,641	308,984
Income from operations	154,862	147,393
Interest income	5,313	5,571
Other income (expense), net	(3,690)	(2,239)
Income before income tax expense	156,485	150,725
Income tax expense	21,266	13,131
Net income	$ 135,219	$ 137,594
Basic net income per share	$ 0.23	$ 0.24
Shares used in basic per share computation	594,802	567,183
Diluted net income per share	$ 0.22	$ 0.23
Shares used in diluted per share computation	613,474	590,997

See accompanying Notes to Condensed Consolidated Financial Statements.

NVIDIA CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In thousands)

	May 1, 2011	January 30, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 683,633	$ 665,361
Marketable securities	2,042,908	1,825,202
Accounts receivable, net	343,202	348,770
Inventories	380,964	345,525
Prepaid expenses and other	36,600	32,636
Deferred income taxes	9,456	9,456
Total current assets	3,496,763	3,226,950
Property and equipment, net	553,366	568,857
Goodwill	369,844	369,844
Intangible assets, net	278,761	288,745
Deposits and other assets	38,010	40,850
Total assets	$ 4,736,744	$ 4,495,246
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Accounts payable	$ 346,295	$ 286,138
Accrued liabilities and other	634,871	656,544
Total current liabilities	981,166	942,682
Other long-term liabilities	284,813	347,713
Capital lease obligations, long-term	22,957	23,389
Commitments and contingencies - see Note 12	-	-
Stockholders’ equity:		
Preferred stock	-	-
Common stock	688	677
Additional paid-in capital	2,638,531	2,500,577
Treasury stock, at cost	(1,487,079)	(1,479,392)
Accumulated other comprehensive income	11,121	10,272
Retained earnings	2,284,547	2,149,328
Total stockholders' equity	3,447,808	3,181,462
Total liabilities and stockholders' equity	$ 4,736,744	$ 4,495,246

See accompanying Notes to Condensed Consolidated Financial Statements.

NVIDIA CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)

	Three Months Ended	
	May 1, 2011	May 2, 2010
Cash flows from operating activities:		
Net income	$ 135,219	$ 137,594
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	47,764	47,147
Stock-based compensation expense	31,739	25,177
Other	2,195	1,974
Deferred income taxes	8,415	14,398
Excess tax benefits from stock-based compensation	(13,644)	-
Changes in operating assets and liabilities:		
Accounts receivable	5,820	(155,011)
Inventories	(35,183)	(56,816)
Prepaid expenses and other current assets	(3,964)	2,685
Deposits and other assets	3,226	1,061
Accounts payable	53,740	16,822
Accrued liabilities and other long-term liabilities	(63,127)	(40,428)
Net cash provided by (used in) operating activities	172,200	(5,397)
Cash flows from investing activities:		
Purchases of marketable securities	(427,874)	(226,963)
Proceeds from sales and maturities of marketable securities	206,946	186,701
Purchases of property and equipment and intangible assets	(31,195)	(17,080)
Other	(383)	-
Net cash used in investing activities	(252,506)	(57,342)
Cash flows from financing activities:		
Proceeds from issuance of common stock under employee stock plans	85,286	63,062
Payments under capital lease obligations	(352)	(282)
Excess tax benefits from stock-based compensation	13,644	-
Net cash provided by financing activities	98,578	62,780
Change in cash and cash equivalents	18,272	41
Cash and cash equivalents at beginning of period	665,361	447,221
Cash and cash equivalents at end of period	$ 683,633	$ 447,262
Supplemental disclosures of cash flow information:		
Cash paid for income taxes, net	$ 1,404	$ 1,089
Cash paid for interest on capital lease obligations	$ 761	$ 795
Other non-cash activities:		
Assets acquired by assuming related liabilities	6,416	1,568
Change in unrealized gains from marketable securities	$ 850	$ (1,298)

See accompanying Notes to Condensed Consolidated Financial Statements.

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NVIDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP, for interim financial information and with the instructions to Form 10-Q and Article 10 of Securities and Exchange Commission, or SEC, Regulation S-X. In the opinion of management, all adjustments, consisting only of normal recurring adjustments except as otherwise noted, considered necessary for a fair statement of results of operations and financial position have been included. The results for the interim periods presented are not necessarily indicative of the results expected for any future period. The following information should be read in conjunction with the audited financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended January 30, 2011.

Fiscal Year

We operate on a 52 or 53-week year, ending on the last Sunday in January. Fiscal year 2012 and fiscal year 2011 are both 52-week years. The first quarter of fiscal years 2012 and 2011 are both 13-week quarters.

Principles of Consolidation

Our condensed consolidated financial statements include the accounts of NVIDIA Corporation and its wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. On an on-going basis, we evaluate our estimates, including those related to revenue recognition, cash equivalents and marketable securities, accounts receivable, inventories, income taxes, goodwill, stock-based compensation, warranty liabilities, litigation, investigation and settlement costs and other contingencies. These estimates are based on historical facts and various other assumptions that we believe are reasonable.

Revenue Recognition

Product Revenue

We recognize revenue from product sales when persuasive evidence of an arrangement exists, the product has been delivered, the price is fixed or determinable and collection is reasonably assured. For most sales, we use a binding purchase order and in certain cases we use a contractual agreement as evidence of an arrangement. We consider delivery to occur upon shipment provided title and risk of loss have passed to the customer based on the shipping terms. At the point of sale, we assess whether the arrangement fee is fixed or determinable and whether collection is reasonably assured. If we determine that collection of a fee is not reasonably assured, we defer the fee and recognize revenue at the time collection becomes reasonably assured, which is generally upon receipt of payment.

Our policy on sales to certain distributors, with rights of return, is to defer recognition of revenue and related cost of revenue until the distributors resell the product, as the level of returns cannot be reasonably estimated.

Our customer programs primarily involve rebates, which are designed to serve as sales incentives to resellers of our products in various target markets. We accrue for 100% of the potential rebates and do not apply a breakage factor. We recognize a liability for these rebates at the later of the date at which we record the related revenue or the date at which we offer the rebate. Rebates typically expire six months from the date of the original sale, unless we reasonably believe that the customer intends to claim the rebate. Unclaimed rebates are reversed to revenue.

NVIDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Our customer programs also include marketing development funds, or MDFs. We account for MDFs as either a reduction of revenue or an operating expense, depending on the nature of the program. MDFs represent monies paid to retailers, system builders, original equipment manufacturers, or OEMs, distributors and add-in card partners that are earmarked for market segment development and expansion and typically are designed to support our partners' activities while also promoting NVIDIA products. Depending on market conditions, we may take actions to increase amounts offered under customer programs, possibly resulting in an incremental reduction of revenue at the time such programs are offered.

We also record a reduction to revenue by establishing a sales return allowance for estimated product returns at the time revenue is recognized, based primarily on historical return rates. However, if product returns for a particular fiscal period exceed historical return rates we may determine that additional sales return allowances are required to properly reflect our estimated exposure for product returns.

License and Development Revenue

For license arrangements that require significant customization of our intellectual property components, we generally recognize this license revenue over the period that services are performed. For all license and service arrangements, we determine progress to completion based on actual direct labor hours incurred to date as a percentage of the estimated total direct labor hours required to complete the project. We periodically evaluate the actual status of each project to ensure that the estimates to complete each contract remain accurate. A provision for estimated losses on contracts is made in the period in which the loss becomes probable and can be reasonably estimated. Costs incurred in advance of revenue recognized are recorded as deferred costs on uncompleted contracts. If the amount billed exceeds the amount of revenue recognized, the excess amount is recorded as deferred revenue. Revenue recognized in any period is dependent on our progress toward completion of projects in progress. Significant management judgment and discretion are used to estimate total direct labor hours. Any changes in or deviations from these estimates could have a material effect on the amount of revenue we recognize in any period.

Royalty revenue is recognized related to the distribution or sale of products that use our technologies under license agreements with third parties. We recognize royalty revenue upon receipt of a confirmation of earned royalties and when collectability is reasonably assured from the applicable licensee.

Inventories

Inventory cost is computed on an adjusted standard basis, which approximates actual cost on an average or first-in, first-out basis. Inventory costs consist primarily of the cost of semiconductors purchased from subcontractors, including wafer fabrication, assembly, testing and packaging, manufacturing support costs, including labor and overhead associated with such purchases, final test yield fallout, inventory provisions and shipping costs. We write down our inventory to the lower of cost or estimated market value. Obsolete or unmarketable inventory is completely written off based upon assumptions about future demand, future product purchase commitments, estimated manufacturing yield levels and market conditions. If actual market conditions are less favorable than those projected by management, or if our future product purchase commitments to our suppliers exceed our forecasted future demand for such products, additional future inventory write-downs may be required that could adversely affect our operating results. Inventory reserves once established are not reversed until the related inventory has been sold or scrapped. If actual market conditions are more favorable than expected and we sell products that we have previously written down, our reported gross margin would be favorably impacted.

Adoption of New and Recently Issued Accounting Pronouncements

During the three months ended May 1, 2011, there was no recent issuance of accounting pronouncements as compared to those described in our Annual Report on Form 10-K for the fiscal year ended January 30, 2011 that are of significance, or have potential material significance, to us.

NVIDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Note 2 - Stock-Based Compensation

We measure stock-based compensation expense at the grant date of the related equity awards, based on the fair value of the awards, and recognize the expense using the straight-line attribution method over the requisite employee service period adjusted for estimated forfeitures. We estimate the fair value of employee stock options on the date of grant using a binomial model and we use the closing trading price of our common stock on the date of grant as the fair value of awards of restricted stock units, or RSUs. We calculate the fair value of our employee stock purchase plan using the Black-Scholes model.

Our consolidated statements of operations include stock-based compensation expense, net of amounts capitalized as inventory, as follows:

	Three Months Ended	
	May 1, 2011	May 2, 2010
Cost of revenue	$ 2,477	$ 1,803
Research and development	18,589	14,614
Sales, general and administrative	10,673	8,760
Total	$ 31,739	$ 25,177

During the three months ended May 1, 2011, we granted approximately 2.9 million stock options, with an estimated total grant-date fair value of $26.6 million and a per option weighted average grant-date fair value of $9.24. During the three months ended May 1, 2011, we granted approximately 3.3 million RSUs, with an estimated total grant-date fair value of $59.6 million and a per RSU weighted average grant-date fair value of $18.18.

During the three months ended May 2, 2010, we granted approximately 2.4 million stock options, with an estimated total grant-date fair value of $17.6 million and a per option weighted average grant-date fair value of $7.47. During the three months ended May 2, 2010, we granted approximately 2.7 million RSUs, with an estimated total grant-date fair value of $48.5 million and a per RSU weighted average grant-date fair value of $17.94.

Of the estimated total grant-date fair value, we estimated that the stock-based compensation expense related to the equity awards that are not expected to vest was $15.4 million and $12.2 million, for the three months ended May 1, 2011 and May 2, 2010 respectively. As of May 1, 2011 and May 2, 2010, the aggregate amount of unearned stock-based compensation expense related to our equity awards was $194.3 million and $159.2 million, respectively, adjusted for estimated forfeitures. As of May 1, 2011 and May 2, 2010, we expect to recognize the unearned stock-based compensation expense related to stock options over an estimated weighted average amortization period of 2.2 years and 1.8 years, respectively. As of May 1, 2011 and May 2, 2010, we expect to recognize the unearned stock-based compensation expense related to RSUs over an estimated weighted average amortization period of 2.7 years and 2.4 years, respectively.

Valuation Assumptions

We utilize a binomial model for calculating the estimated fair value of new stock-based compensation awards granted under our equity incentive plans. We have determined that the use of implied volatility is expected to be reflective of market conditions and, therefore, can be expected to be a reasonable indicator of our expected volatility. We also segregate options into groups of employees with relatively homogeneous exercise behavior in order to calculate the best estimate of fair value using the binomial valuation model. As such, the expected term assumption used in calculating the estimated fair value of our stock-based compensation awards using the binomial model is based on detailed historical data about employees' exercise behavior, vesting schedules, and death and disability probabilities. Our management believes the resulting binomial calculation provides a reasonable estimate of the fair value of our employee stock options. For our employee stock purchase plan we continue to use the Black-Scholes model.

We estimate forfeitures at the time of grant and revise the estimates of forfeiture, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures are estimated based on historical experience.

NVIDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The fair value of stock options granted under our equity incentive plans and shares issued under our employee stock purchase plan have been estimated at the date of grant with the following assumptions:

	Three Months Ended	
	May 1, 2011	May 2, 2010
Stock Options	(Using a binomial model)	
Expected life (in years)	4.4-5.4	3.8-5.7
Risk free interest rate	3.2%-3.8%	2.7%-3.0 %
Volatility	50%-61%	43%-47 %
Dividend yield	-	-

	Three Months Ended	
	May 1, 2011	May 2, 2010
Employee Stock Purchase Plan	(Using a Black-Scholes model)	
Expected life (in years)	0.5-2.0	0.5-2.0
Risk free interest rate	0.2%-0.7%	0.2%-0.8%
Volatility	57%	45%
Dividend yield	-	-

Equity Award Activity

The following summarizes the stock option and RSU activity under our equity incentive plans:

Stock Options	Options Outstanding (In thousands)	Weighted Average Exercise Price (Per share)
Balances, January 30, 2011	44,001	$ 12.88
Granted	2,882	$ 17.88
Exercised	(6,926)	$ 10.01
Cancelled	(456)	$ 17.63
Balances, May 1, 2011	39,501	$ 13.69

	RSUs Outstanding	Weighted Average Grant-Date

Restricted Stock Units	(In thousands)		Fair Value (Per share)
Balances, January 30, 2011	10,612	$	13.23
Granted	3,280	$	18.18
Vested	(1,299)	$	12.50
Cancelled	(234)	$	14.03
Balances, May 1, 2011	12,359	$	14.60

NVIDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Note 3- Patent Cross License Agreement

On January 10, 2011, we entered into a six-year patent cross licensing agreement, or the License Agreement, with Intel Corporation. Under the License Agreement, Intel has granted to NVIDIA and its qualified subsidiaries, and NVIDIA has granted to Intel and Intel's qualified subsidiaries, a non-exclusive, non-transferable, worldwide license, without the right to sublicense to all patents that are either owned or controlled by the parties at any time that have a first filing date on or before March 31, 2017, to make, have made (subject to certain limitations), use, sell, offer to sell, import and otherwise dispose of certain semiconductor- and electronic-related products anywhere in the world. NVIDIA's rights to Intel's patents have certain specified limitations, including but not limited to, NVIDIA was not granted a license to: (1) certain microprocessors, defined in the License Agreement as "Intel Processors" or "Intel Compatible Processors;" (2) certain chipsets that connect to Intel Processors; or (3) certain flash memory products. In connection with the License Agreement, NVIDIA and Intel mutually agreed to settle all outstanding legal disputes. Under the License Agreement, Intel will pay NVIDIA an aggregate amount of $1.5 billion, payable in annual installments, as follows: a $300 million payment on each of January 18, 2011, January 13, 2012 and January 15, 2013 and a $200 million payment on each of January 15, 2014, 2015 and 2016.

Accounting for the Agreement

The License Agreement between NVIDIA and Intel includes multiple elements. As a result, we determined each element of the License Agreement, their fair value and when they should be recognized. We allocated the total consideration, comprising of the cash payments from Intel and the estimated fair value of the license we received from Intel, to the legal settlement and the license to Intel based on the estimated relative fair value of these elements as follows:

	(In thousands)
Legal settlement	$ 57,000
License to Intel	1,583,000
License from Intel	(140,000)
Total cash consideration	$ 1,500,000

The elements of the License Agreement are accounted for as follows:

1. Legal settlement: In connection with the License Agreement, both parties agreed to settle all outstanding legal disputes. The fair value allocated to the settlement of $57.0 million was recorded in the fourth quarter of fiscal year 2011, as a benefit to operating expense.

2. License to Intel: We will recognize $1,583.0 million in total, or $66.0 million per quarter, as revenue over the term of the agreement of six years, the period over which Intel will have access to newly filed NVIDIA patents. Consideration received in advance of the performance period has been classified as deferred revenue. In the first quarter of fiscal year 2012, we recognized $22.0

million of revenue as our performance obligation under the agreement commencing on April 2011.

3. License from Intel: We recognized $140.0 million as an intangible asset upon execution of the agreement in the fourth quarter of fiscal year 2011. Amortization expense of $5.0 million per quarter will be charged to cost of sales over the seven year estimated useful life of the technology beginning in April 2011. In the first quarter of fiscal year 2012, we recognized amortization expense of $1.7 million.

Fair Value Determination

In determining the estimated fair value of the elements of the License Agreement, we assumed the highest and best use of each element from a market participant perspective. The inputs and assumptions used in our valuation included projected revenue, royalty rates, discount rates, useful lives and income tax rates, among others. The development of a number of these inputs and assumptions in the model required a significant amount of management judgment and is based upon a number of factors, including the selection of industry comparables, royalty rates, market growth rates and other relevant factors. Changes in any number of these assumptions may have had a substantial impact on the estimated fair value of each element. These inputs and assumptions represent management’s best estimate at the time of the transaction.

NVIDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Note 4 – Net Income Per Share

The following is a reconciliation of the numerator and denominators of the basic and diluted net loss per share computations for the periods presented:

	Three Months Ended	
	May 1, 2011	May 2, 2010
	(In thousands, except per share data)	
Numerator:		
Net income	$135,219	$137,594
Denominator:		
Denominator for basic net income per share, weighted average shares	594,802	567,183
Effect of dilutive securities:		
Equity awards outstanding	18,672	23,814
Denominator for diluted net income per share, weighted average shares	613,474	590,997
Net income per share:		
Basic net income per share	$0.23	$0.24
Diluted net income per share	$0.22	$0.23

Diluted net income per share for the three months ended May 1, 2011 does not include the effect of anti-dilutive common equivalent shares from 10.4 million stock options and RSUs Diluted net income per share for the three months ended May 2, 2010 does not include the effect of anti-dilutive common equivalent shares from 14.7 million stock options and RSUs.

Note 5 – Income Taxes

We recognized income tax expense of $21.3 million and $13.1 million for the three months ended May 1, 2011 and May 2, 2010, respectively. Income tax expense as a percentage of income before taxes, or our effective tax rate, was 13.6% and 8.7% for the three months ended May 1, 2011 and May 2, 2010, respectively. The difference in our effective tax rate of 13.6% and 8.7% was primarily related to discrete tax benefits attributable to the expiration of statues of limitations in certain non-U.S. jurisdictions not previously recognized that were greater in the first quarter of fiscal year 2011 over the first quarter of fiscal year 2012.

Our effective tax rate on income before tax for the first three months of fiscal year 2012 of 13.6% was lower than the United States federal statutory rate of 35% due primarily to income earned in jurisdictions where the tax rate is lower than the United States federal statutory tax. Further, our annual projected effective tax rate as of the first three months of fiscal year 2012 of 16.7% differs from our effective tax rate for the first three months fiscal year 2012 of 13.6% due to favorable discrete events that occurred in the first quarter of fiscal year 2012 primarily attributable to the expiration of statutes of limitations in certain non-U.S. jurisdictions for which we had not previously recognized related tax benefits.

Our effective tax rate on income before tax for the first three months of fiscal year 2011 of 8.7% was lower than the United States federal statutory tax rate of 35% primarily due to income earned in jurisdictions where the tax rate is lower than the United States federal statutory tax rate and favorable discrete events that occurred in the first three months of fiscal year 2011 primarily attributable to the expiration of statutes of limitations in certain non-U.S. jurisdictions for which we had not previously recognized related tax benefits.

NVIDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Note 6 - Marketable Securities

All of our cash equivalents and marketable securities are classified as “available-for-sale” securities. These securities are reported at fair value with the related unrealized gains and losses included in accumulated other comprehensive income, a component of stockholders’ equity, net of tax.

We performed an impairment review of our investment portfolio as of May 1, 2011. Based on our quarterly impairment review and having considered the guidance in the relevant accounting literature, we did not record any other than temporary impairment charges during the first three months of fiscal year 2012. We concluded that our investments were appropriately valued and that no additional other than temporary impairment charges were necessary on our portfolio of available for sale investments as of May 1, 2011. The following is a summary of cash equivalents and marketable securities at May 1, 2011 and January 30, 2011:

	May 1, 2011			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
	(In thousands)			
Debt securities of United States government agencies	$586,435	$1,074	$(125)	$587,384
Corporate debt securities	954,909	3,585	(43)	958,451
Mortgage backed securities issued by United States government-sponsored enterprises	151,034	4,625	(60)	155,599
Money market funds	283,564	-	-	283,564
Debt securities issued by United States Treasury	565,930	2,534	(8)	568,456
Total	$2,541,872	$11,818	$(236)	$2,553,454
Classified as:				
Cash equivalents				$510,546
Marketable securities				2,042,908
Total				$2,553,454

	January 30, 2011			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
	(In thousands)			
Debt securities of United States government agencies	$531,789	$1,034	$(226)	$532,597
Corporate debt securities	925,226	3,354	(208)	928,372
Mortgage backed securities issued by United States government-sponsored enterprises	140,844	4,599	(21)	145,422
Money market funds	132,586	-	-	132,586
Debt securities issued by United States Treasury	435,091	1,939	(18)	437,012

Total	$2,165,536	$10,926	$(473)	$2,175,989
Classified as:				
Cash equivalents				$350,787
Marketable securities				1,825,202
Total				$2,175,989

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NVIDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The amortized cost and estimated fair value of cash equivalents and marketable securities which are primarily debt instruments are classified as available-for-sale at May 1, 2011 and January 30, 2011 and are shown below by contractual maturity.

	May 1, 2011		January 30, 2011	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Less than one year	$1,504,472	$1,507,268	$1,176,046	$1,178,733
Due in 1 - 5 years	955,123	961,438	899,993	904,926
Mortgage-backed securities issued by government-sponsored enterprises not due at a single maturity date	82,277	84,748	89,497	92,330
Total	$2,541,872	$2,553,454	$2,165,536	$2,175,989

Net realized gains for the three months ended May 1, 2011 and May 2, 2010 were not significant.

Note 7 – Fair Value of Cash Equivalents and Marketable Securities

We measure our cash equivalents and marketable securities at fair value. The fair values of our financial assets and liabilities are determined using quoted market prices of identical assets or quoted market prices of similar assets from active markets. Our Level 1 assets consist of our money market fund deposits. We classify securities within Level 1 assets when the fair value is obtained from real time quotes for transactions in active exchange markets involving identical assets. Our available-for- sale securities are classified as having Level 2 inputs. Our Level 2 assets are valued utilizing a market approach where the market prices of similar assets are provided by a variety of independent industry standard data providers to our investment custodian. There were no significant transfers between Levels 1 and 2 assets for the three months ended May 1, 2011.

Financial assets and liabilities measured at fair value are summarized below:

	Fair value measurement at reporting date using	
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs

	May 1, 2011	(Level 1) (In thousands)	(Level 2)
Debt securities issued by United States government agencies (1)	$587,384	$-	$587,384
Debt securities issued by United States Treasury (2)	568,456	-	568,456
Corporate debt securities (3)	958,451	-	958,451
Mortgage-backed securities issued by government-sponsored entities (4)	155,599	-	155,599
Money market funds (5)	283,564	283,564	-
Total cash equivalents and marketable securities	$2,553,454	$283,564	$2,269,890

(1) Includes $67.3 million in Cash Equivalents and $520.1 million in Marketable Securities on the Condensed Consolidated Balance Sheet.

(2) Includes $103.4 million in Cash Equivalents and $465.1 million in Marketable Securities on the Condensed Consolidated Balance Sheet.

(3) Includes $56.4 million in Cash Equivalents and $902.1 million in Marketable Securities on the Condensed Consolidated Balance Sheet.

(4) Included in Marketable Securities on the Condensed Consolidated Balance Sheet.

(5) Included in Cash Equivalents on the Condensed Consolidated Balance Sheet.

NVIDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Note 8 - 3dfx

During fiscal year 2002, we completed the purchase of certain assets from 3dfx Interactive, Inc., or 3dfx, for an aggregate purchase price of approximately $74.2 million. On December 15, 2000, NVIDIA Corporation and one of our indirect subsidiaries entered into an Asset Purchase Agreement, or the APA, which closed on April 18, 2001, to purchase certain graphics chip assets from 3dfx.

In October 2002, 3dfx filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court for the Northern District of California. In March 2003, the Trustee appointed by the Bankruptcy Court to represent 3dfx's bankruptcy estate served his complaint on NVIDIA. The Trustee's complaint asserted claims for, among other things, successor liability and fraudulent transfer and sought additional payments from us. In early November 2005, NVIDIA and the Official Committee of Unsecured Creditors, or the Creditors' Committee, agreed to a Plan of Liquidation of 3dfx, which included a conditional settlement of the Trustee's claims against us. This conditional settlement was subject to a confirmation process through a vote of creditors and the review and approval of the Bankruptcy Court. The conditional settlement called for a payment by NVIDIA of approximately $30.6 million to the 3dfx estate. Under the settlement, $5.6 million related to various administrative expenses and Trustee fees, and $25.0 million related to the satisfaction of debts and liabilities owed to the general unsecured creditors of 3dfx. Accordingly, during the three month period ended October 30, 2005, we recorded $5.6 million as a charge to settlement costs and $25.0 million as additional purchase price for 3dfx. The Trustee advised that he intended to object to the settlement.

The conditional settlement reached in November 2005 never progressed through the confirmation process and the Trustee's case still remains pending appeal. As such, we have not reversed the accrual of $30.6 million - $5.6 million as a charge to settlement costs and $25.0 million as additional purchase price for 3dfx – that we recorded during the three months ended October 30, 2005, pending resolution of the appeal of the Trustee's case.

The 3dfx asset purchase price of $95.0 million and $4.2 million of direct transaction costs were allocated based on fair values presented below. The final allocation of the purchase price of the 3dfx assets is contingent upon the outcome of all of the 3dfx litigation. Please refer to Note 12 of these Notes to the Condensed Consolidated Financial Statements for further information regarding this litigation.

	Fair Market Value (In thousands)	Straight-Line Amortization Period (Years)
Property and equipment	$ 2,433	1-2
Trademarks	11,310	5
Goodwill	85,418	-
Total	$ 99,161	

NVIDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Note 9 - Intangible Assets

The components of our amortizable intangible assets are as follows:

	May 1, 2011			January 30, 2011		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(In thousands)					
Technology licenses	$321,350	$(69,646)	$251,704	$320,477	$(62,791)	$257,686
Acquired intellectual property	76,264	(63,951)	12,313	76,264	(61,175)	15,089
Patents	31,278	(16,534)	14,744	31,278	(15,308)	15,970
Total intangible assets	$428,892	$(150,131)	$278,761	$428,019	$(139,274)	$288,745

Amortization expense associated with intangible assets for the three months ended May 1, 2011 and May 2, 2010 was $10.9 million and $7.1 million, respectively. Future amortization expense related to the net carrying amount of intangible assets at May 1, 2011 is estimated to be $39.8 million for the remainder of fiscal year 2012, $46.3 million in fiscal year 2013, $41.9 million in fiscal year 2014, $41.8 million in fiscal year 2015, $39.6 million in fiscal year 2016 and a total of $69.4 million in fiscal year 2017 and fiscal years subsequent to fiscal 2017.

Note 10 - Balance Sheet Components

Certain balance sheet components are as follows:

	May 1, 2011	January 30, 2011
Inventories:	(In thousands)	
Raw materials	$ 125,346	$ 67,880
Work in-process	44,900	72,698
Finished goods	210,718	204,947
Total inventories	$ 380,964	$ 345,525

At May 1, 2011, we had outstanding inventory purchase obligations totaling approximately $491.0 million.

	May 1, 2011	January 30, 2011
Prepaid Expenses and Other:	(In thousands)	
Prepaid maintenance	$ 13,942	$ 12,165
Prepaid insurance	4,756	3,512
Prepaid taxes	2,287	1,364
Prepaid rent	3,392	3,599

Other		12,223		11,996
Total prepaid expenses and other	$	36,600	$	32,636

NVIDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

	May 1, 2011	January 30, 2011
	(In thousands)	
Accrued Liabilities:		
Deferred revenue	$ 281,790	$ 245,596
Accrued customer programs (1)	165,018	171,163
Warranty accrual (2)	80,725	107,897
Accrued payroll and related expenses	44,112	71,915
Accrued legal settlement (3)	30,600	30,600
Deferred rent	629	3,268
Taxes payable, short- term	5,916	4,576
Other	26,081	21,529
Total accrued liabilities and other	$ 634,871	$ 656,544

(1) Please refer to Note 1 of these Notes to Condensed Consolidated Financial Statements for discussion regarding the nature of accrued customer programs and their accounting treatment related to our revenue recognition policies and estimates.
(2) Please refer to Note 11 of these Notes to Condensed Consolidated Financial Statements for discussion regarding the warranty accrual.
(3) Please refer to Note 12 of these Notes to Condensed Consolidated Financial Statements for discussion regarding the 3dfx litigation.

	May 1, 2011	January 30, 2011
	(In thousands)	
Other Long-Term Liabilities:		
Deferred income tax liability	$ 54,544	$ 46,129
Income taxes payable, long term	56,460	57,590
Asset retirement obligation	9,501	9,694
Deferred revenue	98,583	163,000
Other long-term liabilities	65,725	71,300
Total other long-term liabilities	$ 284,813	$ 347,713

Note 11 - Guarantees

U.S. GAAP requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under that guarantee. In addition, U.S. GAAP requires disclosures about the guarantees that an entity has issued, including a tabular reconciliation of the changes of the entity’s product warranty liabilities.

Product Defect

Our products are complex and may contain defects or experience failures due to any number of issues in design, fabrication, packaging, materials and/or use within a system. If any of our products or technologies contains a defect, compatibility issue or other error, we may have to invest additional research and development efforts to find and correct the issue. Such efforts could divert our management's and engineers' attention from the development of new products and technologies and could increase our operating costs and reduce our gross margin. In addition, an error or defect in new products or releases or related software drivers after commencement of commercial shipments could result in failure to achieve market acceptance or loss of design wins. Also, we may be required to reimburse customers, including for customers' costs to repair or replace the products in the field, which could cause our revenue to decline. A product recall or a significant number of product returns could be expensive, damage our reputation and could result in the shifting of business to our competitors. Costs associated with correcting defects, errors, bugs or other issues could be significant and could materially harm our financial results.

During the second quarter of fiscal year 2011, we recorded an additional charge to cover the estimated remaining customer warranty, repair, return, replacement and other costs arising from a weak die/packaging material set in certain versions of our previous generation media and communications processor, or MCP, and graphics processing unit, or GPU, products used in notebook configurations. The net charge amounted to $193.9 million, of which $181.2 million was charged against cost of revenue. The extra remediation costs are primarily due to additional platforms from late failing systems that we had not previously considered to be at risk. Included in the charge are the estimated costs of implementing a settlement reached during the second quarter of fiscal year 2011 with the plaintiffs of a putative consumer class action lawsuit related to this same matter and another related estimated consumer class action settlement. As a result of this settlement, the other estimated settlement, and offsetting insurance reimbursements, we recorded a net charge of $12.7 million to sales, general and administrative expense during the second quarter of fiscal year 2011. Together with the $282.0 million net charge we had previously recorded for related estimated costs, this brings the total cumulative net charge to $475.9 million, of which $466.4 million has been charged against cost of revenue and the remainder has been charged to sales, general and administrative.

NVIDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited

The previous generation MCP and GPU products that are impacted were included in a number of notebook products that were shipped and sold in significant quantities. Certain notebook configurations of these products are failing in the field at higher than normal rates. Testing suggests a weak material set of die/package combination, system thermal management designs, and customer use patterns are contributing factors for these failures. We have worked with our customers to develop and have made available for download a software driver to cause the system fan to begin operation at the powering up of the system and reduce the thermal stress on these chips. We have also recommended to our customers that they consider changing the thermal management of the products in their notebook system designs. We intend to fully support our customers in their repair and replacement of these impacted products that fail, and their other efforts to mitigate the consequences of these failures. The weak die/packaging material combination is not used in any of our products that are currently in production.

In September, October and November 2008, several putative securities class action lawsuits were filed against us, asserting various claims related to the impacted MCP and GPU products. Please refer to Note 12 of these Notes to the Condensed Consolidated Financial Statements for further information regarding this litigation and the settlement.

Accrual for product warranty liabilities

Cost of revenue includes the estimated cost of product warranties. Under limited circumstances, we may offer an extended limited warranty to customers for certain products. Additionally, we accrue for known warranty and indemnification issues if a loss is probable and can be reasonably estimated. The estimated product warranty liabilities for the three months ended May 1, 2011 and May 2, 2010 are as follows:

	Three Months Ended	
	May 1, 2011	May 2, 2010
	(In thousands)	
Balance at beginning of period (1)	$ 107,896	$ 92,655
Additions	1,406	1,170
Deductions (2)	(28,578)	(46,262)
Balance at end of period	$ 80,724	$ 47,563

(1) Includes $103,662 for the three months ended May 1, 2011 and $88,065 for the three months ended May 2, 2010 for incremental repair and replacement costs from a weak die/packaging material set.

(2) Includes $23,432 for the three months ended May 1, 2011 and $36,928 for the three months ended May 2, 2010, respectively, in cash payments.

In connection with certain agreements that we have executed in the past, we have at times provided indemnities to cover the indemnified party for matters such as tax, product and employee liabilities. We have also on occasion included intellectual property indemnification provisions in our technology related agreements with third parties. Maximum potential future payments cannot be estimated because many of these agreements do not have a maximum stated liability. As such, we have not recorded any liability in our Condensed Consolidated Financial Statements for such indemnifications. U.S. GAAP requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under that guarantee. In addition, disclosures about the guarantees that an entity has issued, including a tabular reconciliation of the changes of the entity’s product warranty liabilities are also required.

Note 12 - Commitments and Contingencies

3dfx

On December 15, 2000, NVIDIA and one of our indirect subsidiaries entered into an Asset Purchase Agreement, or APA, to purchase certain graphics chip assets from 3dfx. The transaction closed on April 18, 2001. That acquisition, and 3dfx's October 2002 bankruptcy filing, led to four lawsuits against NVIDIA: two brought by 3dfx's former landlords, one by 3dfx's bankruptcy trustee and the fourth by a committee of 3dfx's equity security holders in the bankruptcy estate. The two landlord cases have been settled with payments from the landlords to NVIDIA, and the equity security holders lawsuit was dismissed with prejudice and no appeal was filed. Accordingly, only the bankruptcy trustee suit remains outstanding as more fully explained below.

In March 2003, the Trustee appointed by the Bankruptcy Court to represent 3dfx's bankruptcy estate served a complaint on NVIDIA asserting claims for, among other things, successor liability and fraudulent transfer and seeking additional payments from us. The Trustee's fraudulent transfer theory alleged that NVIDIA had failed to pay reasonably equivalent value for 3dfx's assets, and sought recovery of the difference between the $70 million paid and the alleged fair value, which the Trustee estimated to exceed $50 million. The Trustee's successor liability theory alleged NVIDIA was effectively 3dfx's legal successor and therefore was responsible for all of 3dfx's unpaid liabilities.

On October 13, 2005, the Bankruptcy Court heard the Trustee's motion for summary adjudication, and on December 23, 2005, denied that motion in all material respects and held that NVIDIA may not dispute that the value of the 3dfx transaction was less than $108 million. The Bankruptcy Court denied the Trustee's request to find that the value of the 3dfx assets conveyed to NVIDIA was at least $108 million.

In early November 2005, after several months of mediation, NVIDIA and the Official Committee of Unsecured Creditors, or the Creditors' Committee, agreed to a Plan of Liquidation of 3dfx, which included a conditional settlement of the Trustee's claims against us. This conditional settlement was subject to a confirmation process through a vote of creditors and the review and approval of the Bankruptcy Court. The conditional settlement called for a payment by NVIDIA of approximately $30.6 million to the 3dfx estate. Under the settlement, $5.6 million related to various administrative expenses and Trustee fees, and $25.0 million related to the satisfaction of debts and liabilities owed to the general unsecured creditors of 3dfx. Accordingly, during the three month period ended October 30, 2005, we recorded $5.6 million as a charge to settlement costs and $25.0 million as additional purchase price for 3dfx. The Trustee advised that he intended to object to the settlement. The conditional settlement never progressed substantially through the confirmation process.

On December 21, 2006, the Bankruptcy Court scheduled a trial for one portion of the Trustee's case against NVIDIA. On January 2, 2007, NVIDIA terminated the settlement agreement on grounds that the Bankruptcy Court had failed to proceed toward confirmation of the Creditors' Committee's plan. A non-jury trial began on March 21, 2007 on valuation issues in the Trustee's constructive fraudulent transfer claims against NVIDIA. Specifically, the Bankruptcy Court tried four questions: (1) what did 3dfx transfer to NVIDIA in the APA; (2) of what was transferred, what qualifies as "property" subject to the Bankruptcy Court's avoidance powers under the Uniform Fraudulent Transfer Act and relevant bankruptcy code provisions; (3) what is the fair market value of the "property" identified in answer to question (2); and (4) was the $70 million that NVIDIA paid "reasonably equivalent" to the fair market value of that property. The parties completed post-trial briefing on May 25, 2007.

On April 30, 2008, the Bankruptcy Court issued its Memorandum Decision After Trial, in which it provided a detailed summary of the trial proceedings and the parties' contentions and evidence and concluded that "the creditors of 3dfx were not injured by the Transaction." This decision did not entirely dispose of the Trustee's action, however, as the Trustee's claims for successor liability and intentional fraudulent conveyance were still pending. On June 19, 2008, NVIDIA filed a motion for summary judgment to convert the Memorandum Decision After Trial to a final judgment. That motion was granted in its entirety and judgment was entered in NVIDIA's favor on September 11, 2008. The Trustee filed a Notice of Appeal from that judgment on September 22, 2008, and on September 25, 2008, NVIDIA exercised its election to have the appeal heard by the United States District Court.

The District Court's hearing on the Trustee's appeal was held on June 10, 2009. On December 20, 2010, the District Court issued an Order affirming the Bankruptcy Court's entry of summary judgment in NVIDIA's favor. On January 19, 2011, the Trustee filed a Notice of Appeal to the United States Court of Appeals for the Ninth Circuit.

While the conditional settlement reached in November 2005 never progressed through the confirmation process, the Trustee's case still remains pending on appeal. Accordingly, we have not reversed the accrual of $30.6 million – $5.6 million as a charge to settlement costs and $25.0 million as additional purchase price for 3dfx – that we recorded during the three months ended October 30, 2005, pending resolution of the appeal of the Trustee's case.

NVIDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Rambus Inc.

On July 10, 2008, Rambus Inc. filed suit against NVIDIA, asserting patent infringement of 17 patents claimed to be owned by Rambus. Rambus seeks damages, enhanced damages and injunctive relief. The lawsuit was filed in the Northern District of California in San Jose, California. On July 11, 2008, NVIDIA filed suit against Rambus in the Middle District of North Carolina asserting numerous claims, including antitrust and other claims. NVIDIA seeks damages, enhanced damages and injunctive relief. Rambus has since dropped two patents from its lawsuit in the Northern District of California. The two cases have been consolidated into a single proceeding in the San Francisco division of the Northern District of California. On April 13, 2009, the Court issued an order staying motion practice and allowing only certain document discovery to proceed. On February 11, 2011, the Court lifted the stay and ordered that discovery on other issues could proceed. A case management conference is currently scheduled for June 24, 2011.

On November 6, 2008, Rambus filed a complaint alleging a violation of 19 U.S.C. Section 1337 based on a claim of patent infringement of nine Rambus patents against NVIDIA and 14 other respondents with the U.S. International Trade Commission, or ITC. Rambus has subsequently withdrawn four of the nine patents at issue. The complaint sought an exclusion order barring the importation of products that allegedly infringe the now five Rambus patents. The ITC instituted the investigation and a hearing was held on October 13-20, 2009. The Administrative Law Judge issued an Initial Determination on January 22, 2010, which found the asserted claims of two patents in one patent family infringed but invalid, and the asserted claims of three patents in a separate patent family, valid, infringed and enforceable. This decision was reviewed by the ITC. The ITC issued a Final Decision on July 26, 2010. In its Final Decision, the ITC found that NVIDIA infringed three related patents and issued a limited exclusion order prohibiting import of certain NVIDIA products. NVIDIA is appealing certain aspects of the ruling that were unfavorable to NVIDIA. Rambus is also appealing certain aspects of the ruling that were unfavorable to Rambus.

On May 13, 2011, the Federal Circuit issued two opinions in related cases that address issues material to the disputes between Rambus and certain other parties in the ITC. Those opinions may positively affect NVIDIA's defenses in all of the cases brought against NVIDIA by Rambus. In those opinions, the Federal Circuit held Rambus destroyed documents when it had a legal duty to preserve them and that, if done in bad faith, Rambus is to bear the "heavy burden" to prove that NVIDIA suffered no prejudice in its ability to defend the cases brought against it by Rambus. In the ITC's Final Decision, despite finding Rambus acted in bad faith, the ITC incorrectly placed the burden on NVIDIA to prove actual prejudice.

NVIDIA also sought reexamination of the patents asserted in the ITC, as well as other patents, in the United States Patent and Trademark Office, or USPTO. Proceedings are underway with respect to all challenged patents. With respect to the claims asserted in the ITC, the USPTO has issued a preliminary ruling invalidating many of the claims. The USPTO has issued "Right to Appeal Notices" for the three patents found by the administrative law judge to be valid, enforceable and infringed. In the Right to Appeal Notices, the USPTO Examiner has cancelled all asserted claims of one of the patents and allowed the asserted claims on the other two patents. Rambus and NVIDIA both sought review of the USPTO Examiner's adverse findings. The Board of Patent Appeals and Interferences (BPAI) recently heard oral argument on two of the patents that are subject to reexamination. We expect rulings from the BPAI on these patents this summer.

Rambus has also been subject to an investigation in the European Union. NVIDIA was not a party to that investigation, but has sought to intervene in the appeal of the investigation. As a result of Rambus' commitments to resolve that investigation, for a period of five years from the date of the resolution, Rambus must now provide a license to memory controller manufacturers, sellers and/or companies that integrate memory controllers into other products. The license terms are set forth in a license made available on Rambus' website, or the Required Rambus License. On August 12, 2010, we entered into the Required Rambus License. Pursuant to the agreement, Rambus charges a royalty of (i) one percent of the net sales price per unit for certain memory controllers and (ii) two percent of the net sales price per unit for certain other memory controllers, provided that the maximum average net sales price per unit for these royalty bearing products shall be deemed not to exceed a maximum of $20. The agreement has a term until December 9, 2014. However, NVIDIA may terminate the agreement on or after August 12, 2011 with thirty days prior written notice to Rambus.

On December 1, 2010, Rambus filed a lawsuit against NVIDIA and several other companies alleging six claims for patent infringement. This lawsuit is pending in the Northern District of California and seeks damages, enhanced damages and injunctive relief. On the same day, Rambus filed a complaint with the ITC alleging that NVIDIA and several other companies violated 19 U.S.C. Section 1337 based on a claim of patent infringement of three Rambus patents. Rambus seeks exclusion of certain NVIDIA products from importation into the United States. The Northern District of California has stayed the case pending resolution of the ITC investigation. The asserted patents are related to each other, and the three patents in the ITC complaint are also at issue in the lawsuit pending in the Northern District of California. Many of the patents at issue in these lawsuits are also being challenged in Rambus' other disputes with NVIDIA.

NVIDIA intends to pursue its offensive and defensive cases vigorously in all actions.

NVIDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Product Defect Litigation and Securities Cases

Product Defect Litigation

In September, October and November 2008, several putative consumer class action lawsuits were filed against us, asserting various claims arising from a weak die/packaging material set in certain versions of our previous generation products used in notebook configurations. Most of the lawsuits were filed in Federal Court in the Northern District of California, but three were filed in state court in California, in Federal Court in New York, and in Federal Court in Texas. Those three actions have since been removed or transferred to the United States District Court for the Northern District of California, San Jose Division, where all of the actions now are currently pending. The various lawsuits are titled Nakash v. NVIDIA Corp., Feinstein v. NVIDIA Corp., Inicom Networks, Inc. v. NVIDIA Corp. and Dell, Inc. and Hewlett Packard, Olivos v. NVIDIA Corp., Dell, Inc. and Hewlett Packard, Sielicki v. NVIDIA Corp. and Dell, Inc., Cormier v. NVIDIA Corp., National Business Officers Association, Inc. v. NVIDIA Corp., and West v. NVIDIA Corp. The First Amended Complaint was filed on October 27, 2008, which no longer asserted claims against Dell, Inc. The various complaints assert claims for, among other things, breach of warranty, violations of the Consumer Legal Remedies Act, Business & Professions Code sections 17200 and 17500 and other consumer protection statutes under the laws of various jurisdictions, unjust enrichment, and strict liability.

The District Court has entered orders deeming all of the above cases related under the relevant local rules. On December 11, 2008, NVIDIA filed a motion to consolidate all of the aforementioned consumer class action cases. On February 26, 2009, the District Court consolidated the cases, as well as two other cases pending against Hewlett Packard, under the caption "The NVIDIA GPU Litigation" and ordered the plaintiffs to file lead counsel motions by March 2, 2009. On March 2, 2009, several of the parties filed motions for appointment of lead counsel and briefs addressing certain related issues. On April 10, 2009, the District Court appointed Milberg LLP lead counsel. On May 6, 2009, the plaintiffs filed an Amended Consolidated Complaint, alleging claims for violations of California Business and Professions Code Section 17200, Breach of Implied Warranty under California Civil Code Section 1792, Breach of the Implied Warranty of Merchantability under the laws of 27 other states, Breach of Warranty under the Magnuson-Moss Warranty Act, Unjust Enrichment, violations of the New Jersey Consumer Fraud Act, Strict Liability and Negligence, and violation of California's Consumer Legal Remedies Act.

On August 19, 2009, we filed a motion to dismiss the Amended Consolidated Complaint, and the Court heard arguments on that motion on October 19, 2009. On November 19, 2009, the Court issued an order dismissing with prejudice plaintiffs causes of action for Breach of the Implied Warranty under the laws of 27 other states and unjust enrichment, dismissing with leave to amend plaintiffs' causes of action for Breach of Implied Warranty under California Civil Code Section 1792 and Breach of Warranty under the Magnuson-Moss Warranty Act, and denying NVIDIA's motion to dismiss as to the other causes of action. The Court gave plaintiffs until December 14, 2009 to file an amended complaint. On December 14, 2009, plaintiffs filed a Second Amended Consolidated Complaint, asserting claims for violations of California Business and Professions Code Section 17200, Breach of Implied Warranty under California Civil Code Section 1792, Breach of Warranty under the Magnuson-Moss Warranty Act, violations of the New Jersey Consumer Fraud Act, Strict Liability and Negligence, and violation of California's Consumer Legal Remedies Act. The Second Amended Complaint seeks unspecified damages. On January 19, 2010, we filed a motion to dismiss the Breach of Implied Warranty under California Civil Code Section 1792, Breach of Warranty under the Magnuson-Moss Warranty Act, and California's Consumer Legal Remedies Act claims in the Second Amended Consolidated Complaint. In addition, on April 1, 2010, Plaintiffs filed a motion to certify a class consisting of all people who purchased computers containing certain of our MCP and GPU products. On May 3, 2010, we filed an opposition to Plaintiffs' motion for class certification. A hearing on both motions was held on June 14, 2010. On July

16, 2010, the parties filed a stipulation with the District Court advising that, following mediation they had reached a settlement in principle in The NVIDIA GPU Litigation. The settlement in principle was subject to certain approvals, including final approval by the court. As a result of the settlement in principle, and the other estimated settlement, and offsetting insurance reimbursements, NVIDIA recorded a net charge of $12.7 million to sales, general and administrative expense during the second quarter of fiscal year 2011. In addition, a portion of the $181.2 million of additional charges we recorded against cost of revenue related to the weak die/packaging set during the second quarter of fiscal year 2011, relates to estimated additional repair and replacement costs related to the implementation of these settlements. On August 12, 2010, the parties executed a Stipulation and Agreement of Settlement and Release. On September 15, 2010, the Court issued an order granting preliminary approval of the settlement and providing for notice to the potential class members. The Final Approval Hearing was held on December 20, 2010, and on that same day the Court approved the settlement and entered Final Judgment over several objections. In January 2011, several objectors filed Notices of Appeal of the Final Judgment to the United States Court of Appeals for the Ninth Circuit.

On February 28, 2011, a group of purported class members filed a motion with the District Court purporting to seek enforcement of the settlement. The Motion claimed that NVIDIA was not properly complying with its obligations under the settlement in connection with the remedies provided to purchasers of Hewlett-Packard computers included in the settlement. On March 4, 2011, NVIDIA and Class Counsel at Milberg LLP filed oppositions to the Motion. The Court held a hearing on March 28, 2011, and denied the Motion on May 2, 2011.

NVIDIA CORPORATION AND SUBSIDIARIES
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Securities Cases

In September 2008, three putative securities class actions, or the Actions, were filed in the United States District Court for the Northern District of California arising out of our announcements on July 2, 2008, that we would take a charge against cost of revenue to cover anticipated costs and expenses arising from a weak die/packaging material set in certain versions of our previous generation MCP and GPU products and that we were revising financial guidance for our second quarter of fiscal year 2009. The Actions purport to be brought on behalf of purchasers of NVIDIA stock and assert claims for violations of Sections 10(b) and 20(a) of the Exchange Act. On October 30, 2008, the Actions were consolidated under the caption In re NVIDIA Corporation Securities Litigation, Civil Action No. 08-CV-04260-JW (HRL). Lead Plaintiffs and Lead Plaintiffs' Counsel were appointed on December 23, 2008. On February 6, 2009, co-Lead Plaintiff filed a Writ of Mandamus with the Ninth Circuit Court of Appeals challenging the designation of co-Lead Plaintiffs' Counsel. On February 19, 2009, co-Lead Plaintiff filed with the District Court, a motion to stay the District Court proceedings pending resolution of the Writ of Mandamus by the Ninth Circuit. On February 24, 2009, Judge Ware granted the stay. On November 5, 2009, the Court of Appeals issued an opinion reversing the District Court's appointment of one of the lead plaintiffs' counsel, and remanding the matter for further proceedings. On December 8, 2009, the District Court appointed Milberg LLP and Kahn Swick & Foti, LLC as co-lead counsel.

On January 22, 2010, Plaintiffs filed a Consolidated Amended Class Action Complaint for Violations of the Federal Securities Laws, asserting claims for violations of Section 10(b), Rule 10b-5, and Section 20(a) of the Exchange Act. The consolidated complaint sought unspecified compensatory damages. We filed a motion to dismiss the consolidated complaint in March 2010 and a hearing was held on June 24, 2010 before Judge Seeborg. On October 19, 2010, Judge Seeborg granted our motion to dismiss with leave to amend. On December 2, 2010, co-Lead Plaintiffs filed a Second Consolidated Amended Complaint. We moved to dismiss on February 14, 2011, and a hearing on the motion is currently scheduled for July 28, 2011.

Accounting for loss contingencies

While there can be no assurance of favorable outcomes, we believe the claims made by other parties in the above ongoing matters are without merit and we intend to vigorously defend the actions. With the exception of the 3dfx and product defect litigation cases, we have not recorded any accrual for contingent liabilities associated with the legal proceedings described above based on our belief that liabilities, while possible, are not probable. Further, any possible range of loss in these matters cannot be reasonably estimated at this time. We are engaged in other legal actions not described above arising in the ordinary course of its business and, while there can be no assurance of favorable outcomes, we believe that the ultimate outcome of these actions will not have a material adverse effect on our operating results, liquidity or financial position.

Note 13 - Stockholders' Equity

Stock Repurchase Program

Our Board of Directors has authorized us, subject to certain specifications, to repurchase shares of our common stock up to an aggregate maximum amount of $2.7 billion through May 2013. The repurchases will be made from time to time in the open market, in privately negotiated transactions, or in structured stock repurchase programs, and may be made in one or more larger repurchases, in compliance with Rule 10b-18 of the Securities Exchange Act, subject to market conditions, applicable legal requirements, and other factors. The program does not obligate NVIDIA to acquire any particular amount of common stock and the program may be suspended at any time at our discretion. As part of our share repurchase program, we have entered into, and we may continue to enter into, structured share repurchase transactions with financial institutions. These agreements generally require that we make an up-front payment in exchange for the right to receive a fixed number of shares of our common stock upon execution of the agreement, and a potential incremental number of shares of our common stock, within a pre-determined range, at the end of the term of the agreement.

We did not enter into any structured share repurchase transactions or otherwise purchase any shares of our common stock during the three months ended May 1, 2011. Through May 1, 2011, we have repurchased an aggregate of 90.9 million shares under our stock repurchase program for a total cost of $1.46 billion. As of May 1, 2011, we are authorized, subject to certain specifications, to repurchase shares of our common stock up to $1.24 billion through May 2013.

Convertible Preferred Stock

As of May 1, 2011 and January 30, 2011, there were no shares of preferred stock outstanding.

Common Stock

We are authorized to issue up to 2,000,000,000 shares of our common stock at $0.001 per share par value.

NVIDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Note 14 – Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income components include unrealized gains or losses on available-for-sale securities, net of tax. The components of comprehensive income, net of tax, were as follows:

	Three Months Ended	
	May 1, 2011	May 2, 2010
	(In thousands)	
Net income	$ 135,219	$ 137,594
Net change in unrealized gains (losses) on available-for-sale securities, net of tax	903	(1,084)
Reclassification adjustments for net realized losses on available-for-sale securities included in net loss, net of tax	(54)	(214)
Total comprehensive income	$ 136,068	$ 136,296

Note 15 - Segment Information

Our Chief Executive Officer, who is considered to be our chief operating decision maker, or CODM, reviews financial information presented on an operating segment basis for purposes of making operating decisions and assessing financial performance.

Our GPU business is comprised primarily of our GeForce discrete and chipset products which support desktop and notebook personal computers, or PCs, plus memory products. Our GPU business is also comprised of license revenue in connection with the License Agreement with Intel. Our professional solutions business, or PSB, is comprised of our Quadro professional workstation products and other professional graphics products, including our NVIDIA Tesla high-performance computing products. Our CPB is comprised of our Tegra mobile products that support smartphones, tablets, personal media players, or PMPs, internet television, in-car instrumentation, navigation and entertainment, and other similar devices. CPB also includes license, royalty, other revenue and associated costs related to video game consoles and other digital consumer electronics devices.

The “All Other” category includes non-recurring charges and benefits that we do not allocate to our operating segments as these expenses and credits are not included in the segment operating performance measures evaluated by our CODM. There were no non-recurring charges or benefits for the three months ended May 1, 2011.

Our CODM does not review any information regarding total assets on an operating segment basis. Operating segments do not record intersegment revenue, and, accordingly, there is none to be reported. The accounting policies for segment reporting are the same as for NVIDIA as a whole.

NVIDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

	GPU	PSB	CPB	All Other	Consolidated
			(In thousands)		
Three Months Ended May 1, 2011:					
Revenue	$ 637,589	$ 201,841	$ 122,609	$ -	$ 962,039
Depreciation and amortization expense	$ 29,028	$ 6,118	$ 12,618	$ -	$ 47,764
Operating income (loss)	$ 120,283	$ 69,885	$ (35,306)	$ -	$ 154,862
Three Months Ended May 2, 2010:					
Revenue	$ 780,853	$ 189,730	$ 31,230	$ -	$ 1,001,813
Depreciation and amortization expense	$ 34,859	$ 5,395	$ 6,893	$ -	$ 47,147
Operating income (loss)	$ 115,344	$ 73,865	$ (41,816)	$ -	$ 147,393

Revenue by geographic region is allocated to individual countries based on the location to which the products are initially billed even if our customers' revenue is attributable to end customers that are located in a different location. The following tables summarize information pertaining to our revenue from customers based on invoicing address in different geographic regions:

	Three Months Ended	
	May 1, 2011	May 2, 2010
	(In thousands)	
Revenue:		
China	$ 289,484	$ 377,319
Taiwan	282,937	278,125
Other Asia Pacific	132,587	127,635
United States	109,318	87,016
Other Americas	75,130	64,901
Europe	72,583	66,817
Total revenue	$ 962,039	$ 1,001,813

Revenue from significant customers, those representing 10% or more of total revenue, aggregated approximately 11% of our total revenue from one customer and 28% of our total revenue from two customers for the three months ended May 1, 2011 and May 2, 2010, respectively.

Accounts receivable from significant customers, those representing 10% or more of total accounts receivable, aggregated approximately 12% of our accounts receivable balance from one customer at May 1, 2011 and approximately 11% of our accounts receivable balance from one customer at January 30, 2011.

Note 16- Subsequent Event

On May 9, 2011, we announced our intention to acquire Icera Inc., an innovator of baseband processors for 3G and 4G cellular phones and tablets. Icera's high speed wireless-modem products have been approved by more than 50 carriers across the globe. We believe that by combining our products and technologies, including the Tegra processor, we could enhance our position as a player in the growing mobile market. The acquisition, for $367 million in cash, has been approved by both companies' boards of directors and is expected to be completed, subject to customary closing conditions, approximately 30 days from the announcement date. Also in connection with our agreement to acquire Icera, we have committed to establishing a retention program in the amount of approximately $68.0 million to be paid out to Icera employees over a period of four years.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the "safe harbor" created by those sections. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "goal," "would," "expect," "plan," "anticipate," "estimate," "project," "predict," "potential" and similar expressions intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance, time frames or achievements to be materially different from any future results, performance, time frames or achievements expressed or implied by the forward-looking statements. We discuss many of these risks, uncertainties and other factors in this Quarterly Report on Form 10-Q in greater detail under the heading "Risk Factors." Given these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this filing. You should read this Quarterly Report on Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. We hereby qualify our forward-looking statements by these cautionary statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

All references to "NVIDIA," "we," "us," "our" or the "Company" mean NVIDIA Corporation and its subsidiaries, except where it is made clear that the term means only the parent company.

NVIDIA, the NVIDIA logo, CUDA, GeForce, Quadro, Tegra, and Tesla are trademarks and/or registered trademarks of NVIDIA Corporation in the United States and other countries. Other company and product names may be trademarks of the respective companies with which they are associated.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with "Item 6. Selected Financial Data" of our Annual Report on Form 10-K for the fiscal year ended January 30, 2011 and "Item 1A. Risk Factors" of this Quarterly Report on Form 10-Q and our Condensed Consolidated Financial Statements and related Notes thereto, as well as other cautionary statements and risks described elsewhere in this Quarterly Report on Form 10-Q, before deciding to purchase, hold or sell shares of our common stock.

Overview

Our Company

NVIDIA Corporation invented the graphics processing unit, or GPU, in 1999. Since then, we have strived to set new standards in visual computing with interactive graphics available on devices ranging from tablets and smart phones to notebooks and workstations. Our expertise in programmable GPUs and computer-systems technology has led to breakthroughs in parallel processing which make supercomputing less expensive and widely accessible. We are strategically investing in three major areas – visual computing, high performance computing and mobile computing. We serve the visual computing market with our consumer GeForce graphics products and professional Quadro graphics products; the high performance computing market with our Tesla computing solutions products; and the mobile computing market with our Tegra system-on-chip products.

We have three primary financial reporting segments – GPU, Professional Solutions Business, or PSB and Consumer Products Business, or CPB.   Our GPU business is comprised primarily of our GeForce discrete and chipset products which support desktop and notebook personal computers, or PCs, plus memory products. Our GPU business is also comprised of license revenue in connection with the License Agreement with Intel Corporation. Our PSB is comprised of our Quadro professional workstation products and other professional graphics products, including our NVIDIA Tesla high-performance computing products. Our CPB is comprised of our Tegra mobile products that support smartphones, tablets, personal media players, or PMPs, internet television, in-car instrumentation, navigation and entertainment, and other similar devices. CPB also includes license, royalty, other revenue and associated costs related to video game consoles and other digital consumer electronics devices. Original equipment manufacturers, or OEMs, original design manufacturers, or ODMs, add-in-card manufacturers, system builders and consumer electronics companies worldwide utilize our processors as a core component of their entertainment, business and professional solutions.

We were incorporated in California in April 1993 and reincorporated in Delaware in April 1998. Our headquarter facilities are in Santa Clara, California. Our Internet address is www.nvidia.com. The contents of our website are not a part of this Form 10-Q.

Recent Developments, Future Objectives and Challenges

GPU Business

During the first quarter of fiscal year 2012, we launched the GeForce GTX 590, one of the fastest and quietest graphics card available in the marketplace today. This product is more than two times quieter than the closest competitive product under full graphics load. GTX 590 is powered by dual Fermi GPUs on a single card and targets the enthusiast market.

During the first quarter of fiscal year 2012, we also launched the GeForce GTX 550 Ti, an entry-level gaming GPU for next generation Intel systems. GTX 550 Ti delivers faster performance for DX11 games compared with its closest competitive product. The GTX 550 Ti is up to 50 percent faster in today's newest DX11 tessellated games, and 38 percent faster in previous-generation DX9 and DX10 games.

Professional Solutions Business

During the first quarter of fiscal year 2012, we announced the new Quadro 400, a new professional graphics solution designed for applications such as Autodesk AutoCAD and other leading CAD/CAM applications. The Quadro 400 GPU offers power efficiency, consuming less than 35 watts, and its low-profile footprint means it offers the flexibility to fit into any workstation, including small form-factor systems. We also announced the new CUDA® 4.0 Toolkit. The new release provides unified virtual addressing, GPU-to-GPU communication and enhanced C++ template libraries which enable more developers to take advantage of GPU computing. We believe this, along with other ongoing initiatives in our Tesla high-performance computing business, will lead to continued growth in the PSB.

Consumer Products Business

During the first quarter of fiscal year 2012, we launched along with our partners, the first wave of Android smartphones and tablets. Among them are the Motorola Atrix 4G and LG Optimus 2X smartphones; as well as tablets like the Acer ICONIA Tab A500, Asus Eee Pad Transformer, Dell Streak, LG Optimus Pad and G-Slate, and Motorola Xoom. In addition, Samsung and Sony announced that their Galaxy Tab 10.1 and Sony S1 and S2 projects, respectively, will be using our Tegra™ 2 mobile super chip.

Icera Acquisition

On May 9, 2011, we announced our intention to acquire Icera Inc., an innovator of baseband processors for 3G and 4G cellular phones and tablets. Icera’s high speed wireless-modem products have been approved by more than 50 carriers across the globe. We believe that by combining our products and technologies, including the Tegra processor, we could enhance our position as a player in the growing mobile market. The acquisition, for $367 million in cash, has been approved by both companies' boards of directors and is expected to be completed, subject to customary closing conditions, approximately 30 days from the announcement date.

Product Defect

During the second quarter of fiscal year 2011, we recorded an additional charge to cover the estimated remaining customer warranty, repair, return, replacement and other costs arising from a weak die/packaging material set in certain versions of our previous generation MCP and GPU products used in notebook configurations. The net charge amounted to $193.9 million, of which $181.2 million was charged against cost of revenue. The extra remediation costs are primarily due to additional platforms from late failing systems that we had not previously considered to be at risk. Included in the charge are the estimated costs of implementing a settlement reached during the second quarter of fiscal year 2011 with the plaintiffs of a putative consumer class action lawsuit related to this same matter and another related estimated consumer class action settlement. As a result of this settlement, the other estimated settlement, and offsetting insurance reimbursements, we recorded a net charge of $12.7 million to sales, general and administrative expense during the second quarter of fiscal year 2011. Together with the $282.0 million net charge we had previously recorded for related estimated costs, this brings the total cumulative net charge to $475.9 million, of which $466.4 million has been charged against cost of revenue.

We intend to fully support our customers in their repair and replacement of these impacted products that fail, and their other efforts to mitigate the consequences of these failures. We continue to not see any abnormal failure rates in any systems using NVIDIA products other than certain notebook configurations. However, we are continuing to test and otherwise investigate other products. There can be no assurance that we will not discover defects in other products.

In September, October and November 2008, several putative securities class action lawsuits were filed against us, asserting various claims related to the impacted MCP and GPU products. Please refer to Note 12 of the Notes to the Condensed Consolidated Financial Statements for further information regarding this litigation and the settlement.

Financial Information by Business Segment and Geographic Data

Our Chief Executive Officer, who is considered to be our chief operating decision maker, or CODM, reviews financial information presented on an operating segment basis for purposes of making operating decisions and assessing financial performance.

We report financial information for three operating segments to our CODM: the GPU business is comprised primarily of our GeForce discrete and chipset products which support desktop and notebook PCs, plus memory products. Our GPU business is also comprised of license revenue in connection with the License Agreement with Intel; the PSB, which is comprised of our NVIDIA Quadro professional workstation products and other professional graphics products, including our NVIDIA Tesla high-performance computing products; and our CPB which is comprised of our Tegra mobile products that support smartphones, tablets, personal media players, or PMPs, internet television, in-car instrumentation, navigation and entertainment, and other similar devices. CPB also includes license, royalty, other revenue and associated costs related to video game consoles and other digital consumer electronics devices.

The “All Other” category includes non-recurring charges and benefits that we do not allocate to our other operating segments as these expenses and credits are not included in the segment operating performance measures evaluated by our CODM. There were no non-recurring charges or benefits for the first three months of fiscal years 2012 and 2011. Please refer to Note 15 of the Notes to the Condensed Consolidated Financial Statements for further disclosure regarding segment information.

Results of Operations

The following table sets forth, for the periods indicated, certain items in our condensed consolidated statements of operations expressed as a percentage of revenue.

	Three Months Ended	
	May 1, 2011	May 2, 2010
Revenue	100.0	