

Long-term Target Model: Graphics

| | Last Four Quarters (Q405 – Q306) | Targets | |
|-------------------------|-------------------------------------|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Revenue (MM) | \$1,313 | | <ul style="list-style-type: none"> • VISTA – driving 3D graphics on desktops • Channel opportunities • Workstation and GP-GPU markets |
| Gross Margin | 23% | 32-37% | <ul style="list-style-type: none"> • Die size reductions • Inventory management |
| Operating Margin | (3)% | 10-15% | <ul style="list-style-type: none"> • Roadmap execution • Pricing discipline |

ATI Graphics operating loss includes an unfavorable investment tax credit adjustment of \$18M. Excludes stock compensation expense.