

June 4, 1996

Ted Hannan  
Microsoft Corporation

Dear Ted:

After much internal discussion at Acer, I am pleased to say that, provided that MS can agree to these general business terms outlined below, Acer will license the Fall Products from MS for inclusion into our SOHO product line shipping this. As time is of the utmost importance for a successful execution, we need to proceed quickly on closing this arrangement by this week. I would suggest that someone from MS with signature authority (and attorney if necessary) fly down to Acer this week to work out the details outlined below and execute the agreement. If we move forward, I would like to use the current consumer license agreement as a starting point and modify it per the items below. I will try to call you today at 11:15 a.m. to discuss in more detail.

**Acer/Microsoft Home Office Proposal:**

**Fall 96 Products:**

Excel Win 95  
Word Win 95  
Bookshelf Win 95  
Publisher  
Schedule +  
Small Business Value Pack "Templates"  
Financial Templates

**Business Terms:**

Under separate MS consumer license independent of all existing license agreements Acer America may have with MS.

18 Months from FCS (not from execution date of agreement)

Minimum Commit 7500 Units (1500/qtr)

Pricing           \$102 Royalty  
                      \$46 Cash  
                      \$56 Applied to Prepaid Royalty Balance

Per my discussion with Scott V. last Friday, MS agrees to allow Acer America to produce a ODK containing the above products onto one or more CD's. After providing this CD to MS, MS shall have 3 calendar days to approve or reject the CD, assign a MS part number, and to provide the all necessary approval information to the authorized replicator. MS will use its best commercial efforts to assist Acer in its integration efforts of the Fall 96 Products. Backup CD Artwork shall be mutually approved by MS and Acer.

To maintain flexibility in light of limited testing of MS product, Acer has right to terminate for any reason and any time prior to FCS of Aspire SOHO product. In the event of termination, all minimum commitments shall be void. This right goes away once we ship FCS.

MS to license Acer with a Comparable Office 97 version of Fall 96 Products at similar pricing and similar terms and conditions as Fall 96 Products. The collective offering of the Comparable Office 97 product shall constitutes a superset of features that exist in the Fall 96 Products as indicated in the user documentation for those products. In event that the above two conditions are not satisfied with the

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Plaintiff's Exhibit

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Comes V. Microsoft

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Comparable Office 97 products, Acer will have the right to terminate the agreement at its discretion and at any time with all future minimum commitments being waived. This termination right goes away in the event Acer licenses Comparable Office 97 products.

In event that Acer licenses Office 97 comparable products but cannot ship in time for Spring Launch (Jan/Feb), MS will allow Acer to distribute a mutually approved Upgrade Coupon for all existing channel inventory as well as any systems distributed containing Fall 96 Products. MS agrees to reimburse Acer for %50 of cost for executing such an upgrade program. MS will use its best efforts to provide Acer with the Comparable Office 97 product ODK by Nov 1st for Acer's integration testing.

Acer has right to terminate agreement if other of MS's systems OEM's distribute computer systems containing any full-featured "MS Office" product (Office Std., Office Professional, 95' and 97', etc.) at any retailer in such a manner that the unit is available for general public display or stocked locally at the retailer. (I.E. on the retail shelf or in the local retailers inventory). In such event, Acer will have the right to terminate the agreement at its discretion and at any time with all future minimum commitments being waived.

MS agrees to notify Acer within 5 days after it discloses to any of its computer system OEM customers or perspective computer system OEM customers shipping in North America a policy change regarding OEM MS Office related products shipping in the retail channel or direct response channel. Such notice needs to include a full description of the policy change. Furthermore, MS agrees to offer Acer access, on a non-exclusive basis, to any program regarding Office 95 or 97 related products under similar terms and conditions as it may offer to any of its computer system OEM customers shipping in North America.

MS to agree to use reasonable commercial efforts to work with Acer to customize future versions Comparable Office 97 products to Acer's specifications as mutually agreed to by Acer and MS. In the event that MS and Acer cannot agree on the specifications, Acer will have the right to terminate the agreement at its discretion and at any time with all future minimum commitments being waived.

**Termination:**

In event that the agreement is terminated, not due to a material breach by Acer, Acer shall be able to distribute any remaining computer systems it may have in its inventory (including WIP) up to a period of 60 days from the date of termination. Furthermore, all systems in channel shall be able to sold through.

Best Regards,

Robert Olstad  
Director of Product Marketing  
Consumer Systems

CC: Scott VanVuren, Microsoft  
Michael Culver, Acer  
Mary Tai, Acer

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