

Author: Robert Olstad at SERVER1
 Date: 8/21/97 12:36 PM
 Priority: Normal
 TO: Laura F. Lee at Orchid
 Subject: Re[2]: Meeting Next Week

----- Message Contents -----

Yes, I look forward to seeing you.

Best Regards,

Rob

I think this should take us 2-3 hours to work through these issues?
 Let's meet Tuesday at 2:00pm. FYI, i'm meeting with Luann at 1:00 to
 drill-down into her AR/AF ops issues.

Ok?

>-----Original Message-----

>From: Robert Olstad [SMTP:rolstad@smtplink.acer.com]
 >Sent: Thursday, February 13, 1997 3:25 PM
 >To: Bob Chapman
 >Subject: Meeting Next Week

>
 > Hi bob, got your message. Although Michael Culver will be out all
 > next week on vacation, I am looking forward to our meeting as we have
 > much to discuss.

>
 > There are a couple of items we need to discuss:

>
 > 1) Our issue here is that when we initiated the agreement in good
 > faith we were under the plan that we would be shipping about 33K
 > units/month. Unfortunately, the market forces have not been too kind
 > to Acer this past six months. We are now under a run rate of about 10
 > to 15K/month. Yes, times are tough but we are working on improving
 > this during the year. I can't afford to have another "Office-type"
 > hit like we did last time so we need to put our heads together on this
 > one.

>
 > Under our current works/Value Pack agreement Acer is on a run rate way
 > under our minimum commitments. I would like to work with you to
 > renegotiate our agreement. To summarize our situation:

>
 > Current Unused Royalties as of Dec 31st = \$ 490,000 (Approx)
 > Remaining Royalty Commitments = \$1,600,000
 > (Including the Dec 31st Royalty payment
 > of \$400,000)
 > = \$2,090,000

>
 > I estimate that we will ship about 80K units for Aspire 4 (Jan -
 > July). Again about 12-15K/month with about 50% Works and 50% Works
 > Value Pack. So, using an average royalty of about \$8.5/unit, we
 > should be able to consume about \$8.5 x 80K = \$ 680,000

>
 > This will leave about = \$1,410,000
 > of unused royalties Acer may have to write off. Again, Acer cannot
 > afford this.

>
 > As you may be aware, our unused royalties as of November for Microsoft

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> Office was \$2.2 Million. If you count them both we could be 3.6
> Million in the hole here.

> I hope together we can come up with some solution to minimize Acer's
> potential liability on this one.

> 2) We have under 300 units of Aspire 2's (Spring 96) and Aspire 3's
> (Fall 96) still in finished goods inventory that we are trying to
> liquidate. I would like to talk to you about extending any contracts
> in question with these models. I.E. to keep things kosher.

> 3) We spoke at our last meeting about doing some modifications of MS
> Authorized part numbers to allow us to have more flexibility in
> inventory management. Would like to understand any update you may
> have here.

> 4) Still need a formal policy of MS's requirement of spare parts
> shipments through authorized replicators.

> 5) Any proposals you have for White PC. I would like to understand
> your issues/concerns and overall product and company strategies.
> Likewise, you need to understand our market position and strategies as
> well.

> 6) Introduction to Ricardo Herrera (Our software product manager for
> applications).

> I am available Tuesday Afternoon (all afternoon). Just let me know
> what time would be good for you.

> Thanks and Best Regards,

> Robert Olstad
> 2/13/97

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