

FORM OF CONVERSION NOTICE

CONVERSION NOTICE

ACER INCORPORATED
US\$300,000,000
Zero Coupon Convertible Bonds due 2015

PLEASE READ THE NOTES AT THE END OF THIS NOTICE BEFORE COMPLETING THIS NOTICE.

Please fax the completed Conversion Notice to:

Citibank, N.A., London Branch – Conversion Agent
c/o Citibank, N.A., Ireland
Ground Floor, 1 North Wall Quay,
Dublin 1, Ireland
Facsimile No: +353 1 622 2210 / +353 1 622 2202
Attention: PPA Payment Team / Call Options

Copy to :

Citicorp International Limited
39/F ICBC Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong
Facsimile No: +852 2868 8048
Attention: Agency & Trust

Acer Incorporated
8F, 88, Sec. 1, Hsin Tai Wu Road, Hsichih, Taipei, the Republic of China
Facsimile No: + 886 2 8691 1026
Attention: Meggy Chen, Treasury Division

Please enter principal amount and serial or identifying numbers of Bonds to be converted:

Total principal amount of Bonds:	_____
Serial or identifying number of Bonds*:	_____
ISIN number of Bonds:	_____

* Not required for Bonds represented by a Global Certificate.

**TO: Citibank, N.A., London Branch – Conversion Agent
Acer Incorporated (the “Company”)**

I/We, being the Holder of the Bonds specified above, hereby irrevocably elect to convert such principal amount of Bonds (being US\$100,000 in principal amount or integral multiple of US\$100,000 in excess thereof) as indicated above into common shares (“**Common Shares**”) in accordance with Condition 5 and the terms and conditions of the Bonds.

Please complete Item A below:

A. Information on the Registered Holder of the Common Shares

1. Name and address of the person in whose name Common Shares are to be registered upon conversion of the Bonds:

Name:	_____
Address:	_____ _____

2. I/We hereby request that the Common Shares (together with any cash for fractional Common Shares) delivered upon conversion of the Bond specified above be registered in the name of the person specified above and be delivered to the account registered in the name of the following person at Taiwan Depository & Clearing Corporation (“TDCC”) specified below:

Name (English): (Chinese, if any)	_____
Address (English): (Chinese, if any)	_____ _____
TDCC Account Number:	_____ _____
Contact Person in Taiwan:	_____
Daytime Telephone No.:	_____
Fax No.:	_____
Email	_____

Name of Corresponding Bank:	_____
Corresponding Bank SWIFT Code:	_____
City/ State of Corresponding Bank:	_____
ABA Number of Corresponding Bank:	_____
Name of Beneficial Bank:	_____
Beneficial Bank SWIFT Code:	_____
Beneficial Bank Account Number:	_____
Beneficial Bank Account	_____

Number:	
Beneficiary Account Number:	

Please read and complete Items B through F below:

B. Delivery of the Required Documents. I/we have provided the Conversion Agent with the Bonds to be converted hereby and any documents required in relation to the declarations below or to verify the same accompany this form.

C. Acknowledgement of the Closed Period. I/we hereby declare that I/we have been notified by the Company that the Company's register of shareholders may be closed from time to time. I/We hereby declare that any applicable condition to conversion of the Bonds, if any, has been complied with by me/us, that I/we am/are not acting on behalf of the Company or any of its affiliates and that the Common Shares issued upon conversion will not be, when received by the converting Holder of the Bonds, "restricted securities" under the U.S. Securities Act of 1933, as amended.

D. Taxes and Duties Payable. I/We hereby declare that all stamp, issue, registration or similar taxes and duties payable on conversion of the Bonds in the jurisdiction where the Bonds are delivered to the Conversion Agent have been paid.

E. Relationship with the Company. I/We are providing the information below to enable the Company to comply with its reporting obligations under the laws and regulations of the Republic of China and understand that the Company shall rely on the information provided herein for such purpose. I/We also agree that the Company may provide or report such information for such purpose.

F. All approvals, consents and authorizations required by the laws of the Republic of China to be obtained by me/us in relation to the said conversion have been obtained and are in full force and effect and that any applicable condition thereto has been complied with by me/us.

I/we certify that:

[tick one]

(a)

(i) I am not/ None of we are a "Related Person" (as defined under "NOTES" below) of the Company.

(ii) I, or the person whose name and nationality is _____, is a "Related Person" of the Company.

(b)

(i) I/We will own _____ Common Shares of the Company from the conversion of the _____ Bonds surrendered herewith (do not include Common Shares mentioned in (b)(ii) below):

(ii) I/We have converted from the Bonds _____ Common Shares of the Company within the _____ most recent 15 days.

G. Converting Holder's Information and Signature.

Please complete the following information with respect to the converting Holder of the Bond.

Name:	_____
Date:	_____
Signature:	_____
Nationality:	_____
Address:	_____ _____
Euroclear/Clearstream* Account No.:	_____
Contact Person:	_____
Daytime Telephone No.:	_____
Fax No.:	_____
Email Address:	_____

For Conversion Agent's use only:

1. Bonds Deposited for Conversion.

(a) Bonds conversion identification reference: Acer Incorporated Zero Coupon Convertible Bonds Due 2015/ _____

* Delete as appropriate.

(b) Deposit Date: _____

(c) Conversion Date: _____

2. Common Shares Issuable Upon Conversion.

(a) Aggregate principal amount of Bonds deposited for conversion: _____

(b) Conversion Price on Conversion Date: _____

(c) Number of Common Shares deliverable: _____
(disregard fractions)

3. (if applicable) amount of cash payment due to converting Holder under Condition 5(A)(ii) in respect of fractions of Common Shares: _____

N.B. The Conversion Agent must complete items 1, 2 and (if applicable) 3.

NOTES

1. This Conversion Notice shall be void unless the applicable Sections A through G above are duly completed and must be deposited during the Conversion Period.
2. Your attention is drawn to Condition 5(B) of the Bonds with respect to the conditions precedent which must be fulfilled before the Bonds specified above shall be treated as effectively deposited for conversion.
3. If a retroactive adjustment of the Conversion Price contemplated by the terms and conditions of the Bonds is required in respect of a conversion of Bonds or additional Common Shares deliverable pursuant to such retroactive adjustment (together with any other securities, property or cash) shall be delivered or dispatched in accordance with the Indenture.
4. Dispatch of Common Shares or other securities or property will be made at the risk and expense of the converting Holder.
5. A person or entity is deemed to be a “*Related Person*” of the Company if the person or entity is:
 - (a) (i) an investee accounted for by the equity method;
 - (ii) an investee who uses the equity method to account for the investment in the enterprise;
 - (iii) a company of which the chairman of the board of directors or the general manager serves as the chairman of the board of directors or the general manager of the Company, or is the spouse or member of the immediate or second immediate family of the chairman of the board of directors or general manager of the Company;
 - (iv) a non-profit organization of which the funds donated from the Company is equal to or exceeds one-third of the non-profit organization’s total fund;
 - (v) a director, supervisor, general manager, vice-general manager, assistant vice-general manager, or departmental head of the Company reporting to the general manager;
 - (vi) the spouse of a director, supervisor or general manager of the Company;
 - (vii) a member of the immediate or second immediate families of the Company’s chairman of the board of directors or general manager.

OR

- (b) a person or entity in which the Company has invested, which investment is accounted for by the equity method of accounting under generally accepted accounting principles in the ROC (the “**Equity Method**”); or a person or entity which uses the Equity Method to account for an investment in the Company.