Windows XP Launch Remarks New York City Oct. 25, 2001 Plaintiff's Exhibit

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Comes v. Microsoft

(Cheers, applause.)

**BILL GATES:** Mayor Giuliani, thank you for being here today.

**MAYOR RUDOLPH GIULIANI:** Thank you very much, Bill, and thank you all very much for being here today. New York City has been through the worst attack that's ever occurred in the history of America on September 11th. We had more people lost, more damage, more sorrow that's still falling from it than I think anyone ever anticipated we would have to suffer in the United States.

But the end result is that New York City has emerged from that and continues to emerge from it stronger, much more confident in our ability to handle this, much more confident in our system, much more convinced that we're right and they're wrong, that we're right about political freedom, we're right about economic freedom, we're right about religious freedom. (Cheers, applause.) And that we should be very, very proud and very confident that the ideas for which we stand and the ideas for which we've lost so many people are the right ones and they will prevail.

I want to thank Bill very much for doing this launch here in New York City. (Cheers, applause.) Thank you. It shows a tremendous amount of confidence in the city of New York and it shows the exact spirit that Americans have, which is in part a spirit of defiance and in particular a spirit of confidence that our American system is right for us and right for the rest of the world.

So I wish you the very best of luck with it and I thank you and all of the other business leaders that are here for this launch of this new product, which really couldn't come at a better time for the city of New York. Thank you, Bill.

(Cheers, applause.)

**BILL GATES:** Microsoft salutes you and all of New York for your courage, determination and resilience. You are truly an American hero. (Cheers, applause.) And for the police and firefighters and citizens who risked their lives at a moment's notice to help others, we are proud to come here today and bring thousands of developers, retailers and PC manufacturers from all over the world to New York.

A few weeks after the September 11th attack, I called the mayor to ask him whether he still thought it was appropriate to hold the launch here. Without hesitation, the mayor said, "Absolutely." And I agree. There was only one place to launch Windows XP, right here in the heart of New York City. (Applause.)

Yesterday, I visited ground zero. I will never forget the devastation and the sheer inhumanity of what I saw. But I also saw America's strong spirit, courage, character and community. I also visited the command center, where PC technology is helping to coordinate the emergency efforts, and I met with employees from Microsoft and many other companies who are helping with the relief and rebuilding efforts.

I've been struck by the role that technology plays and especially that the Internet played during this crisis. On September 11th hundreds of millions of people relied on the Internet to get news and to communicate with loved ones.

Today, we're here with a few simple messages. First, we all fully support the global effort to fight terrorism.

Second, New York is back and open for business. (Cheers, applause.)

And finally, although our economy is going through tough times, the technology industry will keep making the investments and innovations that will re-energize our economy.

Once again, Mr. Mayor, thank you for your great work and for your support of our industry.

(Applause.)

**MAYOR GIULIANI:** Thank you, Bill. Thank you very much. Thank you. Actually, there's one point that Bill said something that I should have mentioned when I spoke earlier. The command center that was erected would not have been possible without the help of Microsoft, and many other businesses in the technology industry, all of whom devoted a tremendous amount of work over a 48-hour period nonstop. The command center that now exists was deployed at Seven World Trade Center. It was crushed on September 11th. It was rebuilt by September 14th. And without technology, without the computers that we have there, without the connection to the Internet, New York City would not have been able to function.

So the point that you make is a very important one and the role that your industry plays in the security of America is an enormously important one, and I thank you very much.

(Cheers, applause.)

(Video presentation.)

(Applause.)

**BILL GATES:** For 25 years Microsoft has been working to take software and build the best possible tool that we can for our users. Today is a major milestone in that effort. Today we launch worldwide Windows XP. This is a version of Windows that will take the PC industry to new heights. We can improve the way people do their work, we can improve the way they get information and entertain themselves at home.

Technology has always been about making the impossible possible, and with Windows XP we hope to do just that, open up new possibilities. After you see Windows XP, I hope you will say, "Yes, you can do that with your PC -- not in the future, but now."

The whole PC industry has come together around this launch. Windows XP is the most powerful, fastest, most reliable operating system we have ever done. We've poured literally billions of dollars of development into this new product. That was based on the feedback we had from our users, based on a vision of new activities that the PC could enable. The new security is very important. The privacy control is important. The messaging for real time connections is a foundation. The new personal digital experiences; really we'll look back and say it's common sense, these are the ways that people deal with information.

Together with Office XP, Windows XP will set a new standard for business.

So the foundation we've got here is a platform. It's a platform that allows people to develop on top of it. For the last several years, we've been enhancing the platform. We've been sending out beta versions and sharing the information so that people would have a chance at the same time that we've come along with Windows XP to release their applications.

It's also about new experiences. You can experience a lot of new things just because of the built-in capabilities of Windows. And that's where the XP name comes from. It's about Windows experiences.

But I want to emphasize that as important as this milestone is for Microsoft, it's also an industry milestone. The PC manufacturers are here today. In fact, earlier we had a CEO panel where the PC makers, Intel, Staples, the leading retailers, we all talked about how we're getting our energy behind this, how we can get people to see new possibilities and either buy new PCs or upgrade their PC.

So it's really through the new things that are built on top of Windows that it fulfils its full potential.

We have a pavilion here at the launch with lots of partners showing off their new software applications, and it's large companies, small companies, all very excited about what people will be able to do.

We are seeing PC designs optimized for Windows XP, for the quick performance, the quick booting, building 802.11 in, and so it's all the elements, the hardware and software coming together, along with the applications that make this so important for the industry.

Perhaps most important though is that this is a milestone for PC users. People spend a lot of time in front of their PC. We have over 400 million users who sit down and use Windows every single day. And it's for them that the ability to do what they do now in a better way and get more satisfaction out of that, as well as start to see the new possibilities, the things that they wouldn't have thought about doing with their PC that we now guide them into those things in a very simple way.

So what pieces have we thrown out here? Well, in fact, in a sense this is the end of an era. Microsoft and the original PC rose to prominence based on the MS-DOS product. And even as Windows came along, Windows 3.1, Windows 95, Windows 98, underneath MS-DOS was running there. Windows simply sat on top of MS-DOS.

Well, so today it really is actually the end of the MS-DOS era. It's also, we would say, the end of the Windows 95 era. That was the most important Windows milestone up to this day. And even when we did that launch we talked about that the Windows 95 era would come to an end. Let me show you a little clip from the Windows 95 launch.

(Begin video clip.)

**BILL GATES:** I get interviewed a lot. People say, "Well, you know, isn't this a huge problem between you and Apple that you've got this Windows 95 thing?" And I say, "No, we're really coming together, because until today only Apple thought Windows 3.1 was a crummy operating system. And now we agree, Windows 3.1 is a crummy operating system." (Cheers, applause.) And some day we'll say that about Windows 95 I'm afraid. (Laughter.) But give us two or three years before we can figure out why we're going to have to say that. (Laughter.)

(End video clip.)

(Applause.)

**BILL GATES:** Well, it took more like six years, but certainly our users gave us a lot of reasons to say that Windows 95 simply isn't good enough.

Well, let me herald the end of the DOS era here. I'll just simply type "exit" for the last time in MS-DOS. (Laughter, applause.)

MS-DOS: Excuse me, Bill?

BILL GATES: Yes, DOS?

**MS-DOS:** Bill, I brought you the PC. I helped make Windows. And I'm running over 400 million PCs today. You aren't going to do this, are you, Bill?

#### BILL GATES: Sorry, DOS.

(Laughter, cheers, applause.)

BILL GATES: Well, that movie wasn't called 2001 for nothing. (Laughter.)

So in many ways this is a transition point. It's the end of too many PC crashes. It's the end of the static Web era and the start of an era where the Web will be dynamic. We'll program against the Web. This new term, "XML Web services," you're going to be hearing about that more and more because Windows XP lays the foundation for that.

I also hope we'll say that it's the beginning of the end of the narrowband era, that people see with XP and it's capabilities that broadband really should arrive not only for businesses but eventually for consumers as well.

You can say what we've done here is we took the best of Windows 95, the broad usage, the large number of applications and we took that compatibility and over all these years we're able to build that into our highend technology, the so-called NT kernel that's at the heart of both the Professional and Home Edition here. It's revolutionary to be able to do that, and yet we made it evolutionary. In terms of the user interface, the applications, we've allowed people to take that step up.

Of the installed base, over 400 million use the 9x code base and about 70 million use the Windows 2000 that was based on that technology. Now, all of those people will be working with the high-strength base operating system, and it will give the industry the opportunity to focus all its energies around the driver model and the richness that's possible with that technology.

Well, there is one person who throughout the decade he's been at Microsoft has constantly been saying we've got to get to this new level. We need it for reliability. We need it for the new capabilities. And he has persevered year after year. That's of course Jim Allchin. Jim runs the Windows group. I'm very proud of the work he's done. He's really the one person we can point to and say, "Congratulations. We've finally gotten there. This is a really big beginning. And you drove it and made it happen."

So let me welcome Jim on stage and congratulate him for the great work. (Cheers, applause.)

Well, you stuck to it, Jim, and now we're finally here.

**JIM ALLCHIN:** Yeah, it was 12 years ago that you first talked to me about coming to Microsoft. And what did I say?

BILL GATES: You said we've got to get to the one code base.

**JIM ALLCHIN:** I said no, I didn't think that this was the place for me. (Laughter.) I thought maybe the right thing to do was to go to a company that believed in really reliable systems. (Laughter.) And when I came out to Microsoft, you and Paul Maritz brought me over and said, "You know, there's this new guy we

just hired. His name is Dave Cutler. Why don't you talk to him for a minute?" Of course, Dave is the person behind the VAX system.

And I went over to Dave and you may not know how Dave talks, but Dave says, "I don't work on toy systems; I only work on real systems." And that was the beginning 13 years ago -- he had already started two years before I started there -- in the history, this long journey that we've been on. So it's been an exciting journey for me and the team, and today we're unleashing that real system, a system that's more reliable, more secure and easier to use.

BILL GATES: Well, go ahead and show them what it's like.

**JIM ALLCHIN:** Okay. (Applause.) There are many reasons why Windows XP sets the new standard. Let's just talk about reliability. This slide says ten times more reliable. In our testing and in e-testing, it shows 30 times more reliable, and that's still the operating system hasn't crashed. Some applications, business applications stopped but not the operating system. This is compared to Windows 9x, 98.

In Windows 2000, Windows XP is still more reliable, at least 20 percent more reliable in our testing.

What about performance? Windows XP is 36 percent faster running on business apps, 77 percent faster if you're running content creation.

The system boots faster, up to 27 percent faster than Windows 98 Second Edition, and it loads apps that you've been using frequently 25 percent faster.

What about security? Bill Foundstone says that, "Windows XP can provide the strongest network security available."

Now why is that? Well, there are many things that we added to the system -- Internet firewall, so that when you install a product you get instant protection from attackers trying to get into your system.

We added a bunch of other capabilities to the system for security, but we also worked with the industry, the anti-virus vendors, the consultants to ensure that their products, together with Windows XP, created a holistic experience.

We also came up with a new advanced technology that let us scan all the source code in the system to look for potential security issues, and we removed them before we shipped.

We also put Windows XP on the Internet and we didn't have a single compromise, and we left it on there for a very, very long time.

What about usability? Well, the slide says 25 percent better. This was based on about 100 different usability studies that we did with a thousand different participants. But I don't think 25 percent really gets across the importance of what we've accomplished. The failure rate before of doing simple tasks, like copying photos to a CD, was very high. We show an 80 percent increase in completion of doing that task in Windows XP. We show a 40 percent increase in completion of those tasks if you're just trying to take pictures from a camera and bringing those into the system.

Another area that Windows XP is setting the standard for is deployment. Now, that's something that we've worked on for our PC manufacturers, because it takes time for them to load it in their manufacturing facilities, but we've also worked on it for the business space. We have a ministry in British Columbia that's been able to load Windows XP and their applications and deploy them all within 40 minutes.

So across the board we think this is a great solid foundation.

Now, Windows 2000 was targeted at the embedded, the enterprise space, high-end users, but it didn't cover the entire gamut. We only gave users one area of the whole spectrum. Now, what we've tried to do in Windows XP is cover the entire area.

What I want to do is talk about Windows XP being more than just for consumers. Often that's what people think of because we focus on all the great things that we're doing in digital photography, digital video, music and the like, but covering that spectrum means that it has to be great for business too. And we've had two innovative programs that we've used in the Windows XP program. One is called the Joint Development Partner Program. That's one that we've used for businesses, where we spend time with the businesses, they pre-install it, we test it out in their environments to make sure it does what it is that they need out of a system.

So, to sort of give you the idea, the feel of what Windows XP can be for business, I've got a video that I

want to run and show what BMW has been doing with Windows XP.

(Videotape segment.)

JIM ALLCHIN: Here in the audience are representatives from BMW. I'd like them to stand. (Applause.) Thank you. Thank you.

We have another program, which is quite innovative. Instead of just bringing people to Microsoft for usability studies in our labs, we decided to get out of our offices and go to people's homes. So we had a program called "Real People, Real Data," where we went to people's homes, understood what they were trying to do, and then tested out our products directly with them. We even in some cases basically lived with them. We have one of those families here, the Matson family from Chicago, Beth, Fred and their son, Jeff, and I'd like them to stand as well. (Cheers, applause.)

I want to give you an idea of how they were using Windows XP. This is the Matson family PC, and let's look at what Beth does. Beth uses her PC a lot of times to do a PowerPoint story. In this particular case it's sort of a funny one. It's about water towers for somebody inside Microsoft. But she's also done serious ones dealing with the tragedy of September 11th.

I'm going to switch gears and look at how Fred uses the family PC. Fred uses the PC for remote-control model airplanes. This is one of Fred's designs that he actually created, and back here he has a Web page with the rules and regulations of RC planes.

Let's look to what Jeff does. Jeff's a guy after my own heart, into music, and what Jeff likes to do is using an application that can build grooves and tie them together, he can create music, and once he's totally satisfied with it, he can pump it out to Windows Media format and to play it in the media system that he has skinned in a very unique way here.

So this is an example of how we've gone the gamut from the very high-end 64-bit level system of Windows XP down to a family in Chicago and how they can use a PC.

I want to personally thank all the people who are in the audience today and all the people that are listening for the beta testing and all the feedback. You helped develop this product and I really, really appreciate it. Thank you.

## (Applause.)

So not only does Windows XP represent tremendous opportunities for what users can do at home or at work, it also represents amazing opportunities for the PC industry.

So this June when we started the Windows XP PC Ready program, over 30 million PCs have already been shipped that are Windows XP-ready. Virtually all PC manufacturing lines have now been switched over to Windows XP. It's the fastest switchover that's ever happened.

Very reasonable system requirements for Windows XP: If you've purchased a system around the January 2000 timeframe, so now we expect a very good experience. If you have a system that has a 300-megahertz machine, 64 megs or up -- certainly we recommend 128 or up -- you're going to have a very good experience with Windows XP.

In terms of compatibility, this is something that we always kept reliability focused as number one. Number two was compatibility, but we did a really, really amazing job. On the CD we have 12,000 devices, which I think is phenomenal. And we've got thousands more that are going up on Windows Update today and that are available on the Internet. Ninety percent of the high-volume applications that have been shipped in the last three years work great on Windows XP. And we created a new logo program that we encourage customers to look for, because these applications, these designed-for-Windows XP logoed applications or devices we know have a higher level of quality than previous applications. We've got 3,200 designed-for-Windows devices and apps today, with about 500 coming each week, so incredibly broad industry support.

I want to show you some of the different systems that are now shipping from our top partners in this space.

I have a whole line here. Up here we have a Compaq 1700T system, and down here we have a very cool Evo D500 system. Now, this system is unique because it's got the smallest form factor that has a Pentium 4 in it, but it's also cool because it's got a full extendibility here in the front of it, so very, very cool.

Up here we have a Dell 8100, who's very cool, and down here we have a Dell C400 Latitude. So this is a great form factor as well, very, very fast resume times, which is something that together with our partners we've worked hard on. It's great for mobility.

Up here we've got a Gateway Solo 9550 and down here we have a Gateway 700S system. This is a featurepacked consumer system with extreme performance. It supports videoware and it's great for the digital video experience.

Up here we have an HP Pavilion M5475 and an HP Omnibook 500. It's a great form factor as you can see here, and it has optional wireless built in, which is fantastic and it's pretty obvious it's going to be great for a mobility experience.

Up here we have a ThinkPad T23, and down here we have an all-in-one station for business, the Net Vista X41. This is a powerful business desktop, and as you can see, this is it. This is the whole computer here, very innovative form factor, takes up only 25 percent of the desk space.

In the back here we have a Sony Vaio MX system and down here we have the smallest compact form factor that we've got up here, integrated high-quality camera up here at the top. We've got MPEG2 video-encoding capabilities. It's obviously great for a communications system.

Back here a Toshiba Portege 4000, and down here we have an all-in-one, if you will, satellite system, S504, high-end Invidia Graphics, high-end audio, fantastic sound from this system, desktop replacement for consumers. It's also very good for a music experience, obviously.

Those are systems from our top partners, but I want to make two other points. The first is that Windows XP is a system for all software and hardware vendors. We have a generic PC here and because Windows XP is designed as a platform first and foremost, you'll see running here Netscape, AOL, Yahoo Messenger and Real Player. So regardless of the solution, regardless of the PC, Windows XP enhances your experience.

The last point I wanted to make in this broad range is that Windows XP comes on machines of all shapes and sizes. I've got an e-machine, a 1090 here. This is a Windows XP machine. It's less than \$500; very, very impressive.

Well, we have come a long way. It's been quite a journey. I've been at Microsoft 11 years. I'm super proud of this product. I'm super proud of the team that created it. Customers love Windows XP. My group, and Microsoft in general, is in the business of creating opportunity. Windows XP represents a land of opportunity and frankly that's why this is such an historic moment for us and the industry.

Thank you very much.

(Applause.)

**BILL GATES:** Well, the team worked very hard on this product. I remember last spring sitting down with them and saying, "Are you guys going to have this ready for this Christmas season? We really need it for this Christmas season, but we don't want to do it unless it's ready to go." And so they put in some really long hours, real dedication to it, so let's have a round of applause for the Windows XP team.

### (Applause.)

A critical aspect of this product is what we call continuous improvements. And this is something that I'm really thrilled about. I think it's something that we've needed but we have not had until Windows XP. It's the idea of a complete feedback loop. You know, how does Microsoft know when somebody wants their PC to do better? How do they know what's going on? How do we know what pieces may not be fitting together in exactly the right way?

Well, built into Windows XP is a reporting capability. And so for anybody who allows this to work, we can see every time there's a hang or a crash or a serious problem on the PC. And so we have this very comprehensive database that shows us all those things that are going on.

Now, we take that information and together with our partners we say, "Hey, was this driver solid enough? Was this application working the right way? Was this hardware working the right way?" And we make sure that we can feed improvements out to that user base.

When we did this in the past, it was way too cumbersome. People would get too many notices. We didn't have enough up there. We didn't have drivers and the broad set of things people were interested in. So we said we've got to get this to critical mass. We have to have it be common sense that an XP machine, whether it's in a corporation or at home, you're getting these regular updates. And so the feature is built in to make that very, very simple. So we won't have to wait for the major releases that come every two or three years in order to see improvements. Simply by having the machine that connects up to the Internet, you'll be able to get this continuous improvement.

And this is really a key answer for the question of how can we have such an open environment where anybody can develop applications and drivers and hardware and there's nothing that holds back people who want to do those new things, there's no approval process they go through, and yet be sure that the leading companies make absolutely sure that the quality of that experience is such that people aren't concerned, that they're willing to add a new peripheral or a new application, knowing their system will keep running and working for them exactly the way it should.

When I talk about partners, we have a lot of partners, but our most critical partner, without a doubt, is Intel. With Intel we worked to make sure that the power of their processors and our software solutions is really enabling new capabilities. We're both companies that believe in a very high volume approach, getting great price performance out into the marketplace.

It's exciting that at the same time we're coming out with this new major Windows release, Intel has a very important chip that's now going mainstream. So let me invite Craig Barrett, CEO of Intel, out to share his perspective on the XP launch.

### (Applause.)

**CRAIG BARRETT:** So first of all let me congratulate you, Microsoft and Jim Allchin on a great accomplishment, the whole Windows XP. The technology behind it, the launch, everything is great. I want to tell you just as a start I've almost got three generations of stuff behind this. My grandkids just bought a new PC, Intel inside, surprisingly enough -- (laughter) -- XP, I've got XP Professional on my desktop, and our IT organization is standardizing on XP Professional for Intel across the board going forward. (Applause.)

And as you said, I really think the combination of the Pentium 4 processor and XP and the fact that they're really optimized to show off each other's real strength brings a lot of excitement into the marketplace going forward, and we're just proud to be up here on the stage with you and proud to have our teams working closely together. And, in fact, I think in my history of the Intel-Microsoft relationship, this is probably the closest cooperation, the best cooperation we've ever had. So we're excited about the results, excited about going forward.

Now, one of the things that I'm not sure that the audience realizes is really how much technology goes behind this. And I was sitting in my hotel room last night trying to add up how many man years of effort we put behind designing the Pentium 4 and the manufacturing process technology and getting ready to go, and I come up somewhere between probably 7,000 and 10,000 man years, and I suspect you've got an equivalent amount of effort behind XP.

BILL GATES: Almost exactly the same.

**CRAIG BARRETT:** The things that we're building collectively I think are the most complex, sophisticated things that man has ever built, and I get terribly excited looking at the micro-structure of our microprocessors. I suspect you get excited looking at those bits and bytes of stuff in the code.

BILL GATES: Exactly. (Laughter.)

**CRAIG BARRETT:** But that's for us tekkie nerds to get excited about.

By the way, I've got to ask you, how old were you in that Windows 95 launch video? (Laughter.)

BILL GATES: Let's see. I was 38.

CRAIG BARRETT: Wow! (Laughter.)

BILL GATES: I've aged.

CRAIG BARRETT: You've matured. You've matured.

BILL GATES: Absolutely.

**CRAIG BARRETT:** But, you know, we get excited about the technology, but I think the real excitement is what it brings to the end user. And I think you and the team have done a very good job demonstrating to the audience that if you're a consumer, then it's the rich audio, digital video, entertainment, rich communications, imaging, animation, all of that good stuff, plus better reliability, and then in the business space it's everything from multitasking capability and security, the short messaging system with videoconferencing little window -- I love that aspect of it. There's games and I know none of you play games every at work, but if you take a Pentium 4 and XP and games, the animation is truly amazing.

So I want everybody to recognize not so much all the detailed technology behind it, but the great user experience that it brings forward, and I think that's really the accomplishment that Microsoft is presenting to the world today.

So let me offer Intel's congratulations. I'm looking forward to continue to work with you guys -- great accomplishment.

BILL GATES: Thank you. Thanks for your support. (Applause.)

Many people, as we've talked about the enthusiasm in these beta users, where they literally say they're never going back to a previous version of Windows, they've asked us to dimensionalize this. And if you simply look at doing the things you were doing before, the time savings are quite considerable: Always-on capability, the quick coming out of standby capability, the reduction in crashes, just the basic speed that we have in everything that goes on with the OS, and the fact that things are more accessible, you can see what's going on, you can control that interface just in a far better way. If you ever got a question, there's support capability where you can just connect up. It's pretty clear to us that a Windows user over the course of the year is going to save themselves a man week because of these new capabilities. And that's simply taking the things they're doing now and being able to do those in a better way.

It's reasonably dramatic. It just shows the leverage that comes when we spend the billions of dollars and put the product out as a high volume, low price product.

Now on top of that savings comes the ability to do the new things. And I wanted to make it clear what some of those categories of new things are. You're going to see a lot today about real-time communications. This is not just instant messaging, because when people think about that, they think about text. What we have here is the extension to audio and video as well. Perhaps even more profound is this screen sharing. And whenever you're on the phone with somebody you want to talk about a list or a schedule or a presentation or a budget, well now people will do that. This kind of Net Meeting capability was so hard to get in Windows that it was almost like a cult feature, and now we've brought it to the mainstream and we expect most people to use that.

Mobile computing: On an ongoing basis you're going to hear about how our industry is driving WI-FI (?) or 802.11b into mainstream usage. That is a very big thing for the new scenarios. And XP brings that forward. If you have an XP machine, there's many locations now where automatically you'll see the network come up and just offer to connect you up and connect you up with security.

Help and support, a huge overhead thing: Now, the diagnostics built in and the screen-sharing thing allow those to be handled in a very different way.

The common sense of digital photography: Why haven't people switched away from film? Well, the cameras are certainly getting there, the cost, the resolution, the printers, but it's just the setup, how do you move the photos, how do you keep the names, how do you make sure you don't lose them, how do you organize them. That's what we've put so much work into.

Likewise digital music: The user is empowered by organizing things the way they want, and yet it hasn't reached critical mass because the tools simply weren't built-in in the right way.

Digital video is coming along with the great camcorders, the low cost of storage.

And finally home networking, again something that a few people were able to set up in the past. Now, it's something that's a mainstream thing. You get two PCs. They'll recognize they're together, be able to set up and gateway through to the Internet in a simple way.

So those were some of the key scenarios that we really put new technology in, took it out to the users to make sure that this would be something that everyone could take advantage of. So XP is about hundreds of millions of people doing these things.

We thought a lot about how could we bring this home, how could we bring someone who clearly wasn't an engineer, and, really, people could relate to in a big way, and we thought who's got the energy and the excitement, who's sort of a consummate New Yorker who can be a good example of someone we can bring in with Windows XP.

And so we've got somebody fantastic for that. Please welcome Mr. Regis Philbin.

(Applause.)

**REGIS PHILBIN:** Hello, everybody. Hello, Bill. How are you doing? Nice to see you.

#### BILL GATES: Welcome.

**REGIS PHILBIN:** Thank you. You know, I'm excited to be here, but I've got to tell you something: I am your greatest challenge.

BILL GATES: Uh-oh. (Laughter.)

**REGIS PHILBIN:** I've talked about this on the show. I've tried so many times to conquer this, to get into it, to be a part of the century, and I can't do it. (Laughter.) It just doesn't work for me. There's too many things to press. There's too much to remember. I give up.

BILL GATES: Well, that's why we need you here. We've got to prove that Windows XP is for everyone.

**REGIS PHILBIN:** Well, I see it all around me: My staff, my family, everybody can do it. I can't do it. (Laughter.)

BILL GATES: Well, Regis --

**REGIS PHILBIN:** Incidentally, why am I the only guy here with a tie on? (Laughter, applause.)

BILL GATES: Regis, you can do it. I'll answer any questions that you have.

**REGIS PHILBIN:** I've got a lot of questions, a lot of questions, but you know I'd feel more familiar with these questions if I was in more familiar surroundings. So would you step into my office right over here? Yeah, here it goes.

("Who Wants to Be a Millionaire" theme music.)

Yes, Bill Gates, who wants to be a millionaire? Bill Gates does. There we go.

BILL GATES: Well you know, Regis, I've always wanted to be on your show. (Laughter.)

**REGIS PHILBIN:** Yeah, if anybody needs a million, it's you. (Laughter, applause.) Weren't you on my show yesterday?

BILL GATES: Well, that was Kelly's show, wasn't it? (Laughter.)

**REGIS PHILBIN:** Easy, Bill, easy. Easy on the funny stuff. (Laughter.) You mean my other show, you mean the Millionaire show. We'd love to have you on that show.

BILL GATES: All right.

**REGIS PHILBIN:** Yeah, "Who Wants to Be a Millionaire?" Bill Gates does. (Laughter.) Do you think it's worth your time? (Laughter, applause.)

BILL GATES: Well, I don't know. It would be fun.

**REGIS PHILBIN:** Yeah, I think it will be, if you can get past the faster thinker questions.

BILL GATES: Oh, I can do it.

**REGIS PHILBIN:** Sure you can. All right, let's start with some easy XP Windows questions, okay, see how much you really know about this product. (Laughter.) Here we go.

The first question coming up: Bill Gates, what does the XP in Windows XP stand for? Is it extreme power, expediency, experience, supercalifragilistic-XP-alidocious? (Laughter.)

**BILL GATES:** Well, it's a pretty easy one. I think I'll go with C.

**REGIS PHILBIN: Experience? You say experience, final answer?** 

BILL GATES: Final answer.

**REGIS PHILBIN:** All right. And you're right. Bill Gates, you've just won a hundred dollars. (Applause.) Experience is the right answer.

All right, we'll get another question up here. Which of these is not -- not a Windows XP experience? Would it be digital music, mobility, digital photography, new Millionaire game that replaces solitaire? (Laughter.)

BILL GATES: Well, we may have missed an opportunity, but I think it's D.

**REGIS PHILBIN:** You're right again, Bill Gates. How about that, \$200. (Applause.) Very good.

All right, we'll get into a tough question, so here it comes. Windows XP allows you to use your computer to play videos, music and view pictures, call and see friends in real time, connect to your work from anywhere, get the best of the digital world even if you're not an expert?

**BILL GATES:** Well, that's an interesting one. I'd say it's actually all of the above.

**REGIS PHILBIN:** All of the above, final answer?

BILL GATES: That's it.

REGIS PHILBIN: Got it, Bill Gates. It really happened to you. (Applause.) Yes, you win.

But let me ask you something, Bill. Can it really do all these things?

**BILL GATES:** Well, it really does. And we're going to make it so even a guy like you can do every one of those things. (Laughter.)

**REGIS PHILBIN:** You know, I'm kind of a bright guy, but I just -- okay, it's just something about it that baffles me.

**BILL GATES:** Well, we've got Joe Belfiore here and he's going to come out and show you how you do it with Windows XP.

## **REGIS PHILBIN:** Okay.

**BILL GATES:** Actually, while Joe's out here, I'm going to go out to Times Square.

**REGIS PHILBIN:** You're going to go to Times Square?

**BILL GATES:** Yeah, I'm just going to go out there and look around. Don't worry, I'll be checking back in with you to make sure Joe's taking care of you.

REGIS PHILBIN: Bill Gates loose in Times Square, all right. (Laughter.) It's going to be okay.

**JOE BELFIORE:** Bill, I brought a jacket for you here from the folks in the team. We thought you'd need it out there in Times Square.

BILL GATES: The new Windows XP jacket.

**REGIS PHILBIN:** Bill needs it. It's 84 degrees out there.

BILL GATES: I'll be real hip. (Laughter.) Okay, good luck, you guys.

**REGIS PHILBIN:** Okay, Bill, thanks very much.

JOE BELFIORE: Good luck out there.

REGIS PHILBIN: Nice to see you, Bill. (Applause.)

All right, there's a lot of great people out there, you know. I hope he's going to be all right. I trust he knows his way around Times Square. There's shell games, there's naked cowboys -- (laughter) -- there's hot-dog vendors with XP Windows on the umbrellas. There's all kinds of things out there. But there aren't many chief architect software engineers out there.

**JOE BELFIORE** Yeah, you're right, Regis, but I'll tell you what, I think Bill's going to be okay. So we'll check in and make sure he does fine.

# **REGIS PHILBIN:** All right.

JOE BELFIORE: So why don't we walk over here and get started and I'll start showing you Windows XP.

**REGIS PHILBIN:** Do any of these guys own a tie? That's all I want to know. (Laughter.) I can't believe it. Is this the latest model?

**JOE BELFIORE:** This is a Dell Latitude C600 laptop and the first thing we're going to talk about, we're going to go through some of the experiences. The first one we're going to talk about is mobility and how Windows XP can really let you take your computing experiences with you.

**REGIS PHILBIN:** Windows XP is the engine inside this computer, right?

**JOE BELFIORE:** This computer comes with Windows XP.

**REGIS PHILBIN:** Okay.

**JOE BELFIORE:** And, well, the first thing actually I saw on your show, you had Bill on your show and you mentioned that sometimes you had some trouble actually just turning computers on.

REGIS PHILBIN: Exactly. (Laughter.) All you need is an on and off button, and I'll be able to follow it.

**JOE BELFIORE:** Well, fortunately this laptop actually has one right there, and we thought it would be a great way to start out with Regis by letting him turn the PC on. He could start learning and all of you could see just how fast Windows XP is.

**REGIS PHILBIN:** It doesn't say "on." It's got a little symbol, but that's the button, right?

**JOE BELFIORE:** Yep, there you go, you just push.

REGIS PHILBIN: And that's it, it's on?

JOE BELFIORE: That's it and there we go.

**REGIS PHILBIN:** It's on. Okay. (Applause.)

JOE BELFIORE: All right?

**REGIS PHILBIN:** Great.

JOE BELFIORE: Good beginning. We're off to a good start so far here. You're doing great.

So Windows XP does make turning the PC on a lot quicker, and there are a lot of other things we've done to make mobility work great, but one of the things that I want to focus on, since we don't have time to go through all the features, is wireless networking.

So with wireless networking you can buy a laptop, and Dell and other PC manufacturers make laptops that have it built in, but lots of people have laptops like this that don't have wireless networking built in. So what you can do is you can buy little wireless networking cards like this one. This is an ORINOCO wireless networking card from GEAR.

What we're going to do, Regis, I'm going to actually have you install wireless networking support on this laptop.

**REGIS PHILBIN:** This makes this computer usable without any wires?

**JOE BELFIORE:** Exactly. You'll be able to get on the Internet, do your e-mail, do all that stuff. We thought, you know, with Regis being new to all this, it would be great to start him out with something as easy as installing hardware.

**REGIS PHILBIN:** And every computer has that little slot?

**JOE BELFIORE:** All laptops have that little slot, so you can buy stuff like this from lots of companies. And we're going to go through all the steps to install, configure and connect to a wireless network.

So go ahead and give the card a push there and just watch on the screen here as Windows XP recognizes that you just inserted some hardware and it's doing all the hard work of figuring out how to install the software required, find the wireless network and get you connected.

**REGIS PHILBIN:** All right, so little balloons are popping up.

**JOE BELFIORE:** Little balloons are popping up. It's thinking, and there we go.

REGIS PHILBIN: It's installed, ready to use, good. And that's it?

**JOE BELFIORE:** And that's it. The hardware is installed and ready to use.

**REGIS PHILBIN:** But I still see wires here?

**JOE BELFIORE:** Well, these wires are actually wires that we're using to power the laptop and to get the picture up on the screen to get some audio out.

## REGIS PHILBIN: Oh, okay.

JOE BELFIORE: Okay, so we've now got -- (laughter) -- we've now got our wireless network installed here and you can see there's a balloon that says there's a wireless network right here in the theatre. Who would have guessed, a wireless network in the theatre?

**REGIS PHILBIN:** So it has to be in a place where there are wireless network connections?

**JOE BELFIORE:** You've got it, exactly. And so what we can do is we can just click on the balloon here to see the wireless network. So, in fact, we've set up more than one wireless network here in the theatre, so out there in the partner area people can do wireless, up here on stage you and I can do wireless.

### **REGIS PHILBIN:** Okay.

JOE BELFIORE: And I'm just going to click Okay or hit Enter to connect to this wireless network.

**REGIS PHILBIN:** What did you hit? What did you hit?

JOE BELFIORE: I hit the Enter key, but I could have --

**REGIS PHILBIN:** So far three moves: I hit this, I push this and I hit Enter.

JOE BELFIORE: You've got it. That's it.

**REGIS PHILBIN:** A piece of cake.

**JOE BELFIORE:** And right up there on the screen it says we are now connected to the backstage network and our connection is excellent. So this PC right now is actually connected. And to just show that to you, I'm going to go over here to the Start button. The Start button is the one place that you click on to find all your programs and anything you want to do. I'm going to open the Internet using Internet Explorer right here, and we'll actually have a Web browser. We'll be connected to the network. And what we're looking at is a Web page that we have on a server backstage. And we can browse around the Internet and do anything we wanted.

So the second thing that's really cool about wireless networks is that they're very fast. And to show you just how quick they are, I'm going to click on this music link and download a song and have it play over the PC.

Music files are kind of big and it shows how fast a wireless network is. So we click and there is the music.

**REGIS PHILBIN:** Wow, that was quick.

JOE BELFIORE: Simple as that.

**REGIS PHILBIN:** That was quick.

**JOE BELFIORE:** So not only is it easy for you to set up a wireless network -- hopefully you'll decide that you can do it -- but it's also really fast once you've got it set up.

Now, you did mention a key point, Reg, which is that for wireless networking there has to be an antenna or you have to have your PC in a place where a wireless network is installed. And I thought it would be cool to show you a little bit about what my wireless day is like when I take my laptop and go to all these places.

So let's actually -- I'm going to unplug this. I'll yank the screen, yank the power, yank the audio and I'm going to lift this puppy right up. And I want you to join me on a little imaginary walk through my wireless day.

**REGIS PHILBIN:** Okay, where are we going?

JOE BELFIORE: Okay, well, in fact, let's take a look back here. We've started.

**REGIS PHILBIN:** Okay, yeah.

JOE BELFIORE: So step on over here.

**REGIS PHILBIN:** So you could work at home without any wires?

**JOE BELFIORE:** I can and I do. I have a wireless network in my house and all I have to do is turn on my laptop or plug in the card. A little balloon pops up on the screen like the one you see there telling me that I'm now connected to my home wireless network. Lots of companies are building accessories that let you

connect to a wireless network in your house.

**REGIS PHILBIN:** Did you just buy that and you put it in your house?

**JOE BELFIORE:** Exactly. You buy that, you connect it to the Internet. You have a little wireless card like this, turn on your laptop. With Windows XP you're good to go. And then you can browse the Web, play online games, do all kinds of stuff. My wife and I like to sit in front of the TV on Sundays with our laptops and update our fantasy football scores and see how we're doing.

**REGIS PHILBIN:** It sounds exciting. (Laughter.)

JOE BELFIORE: Exactly. Okay, let's move on.

REGIS PHILBIN: Yeah.

**JOE BELFIORE:** Another place where wireless networking is becoming really popular is at work in the office. I take my laptop to the office a bunch and all I have to do is turn it on. I can be in a conference room, I can be in the cafeteria.

**REGIS PHILBIN:** Most offices are set up for wireless?

**JOE BELFIORE:** Many, many actually are. In fact, we did a survey recently: Seventy percent of CIOs of large companies say they are currently testing wireless networks at their businesses now.

**REGIS PHILBIN:** That would just speed up everything in the business, wouldn't it?

**JOE BELFIORE:** That's the idea. So people could take their laptops and work in the cafeteria, or if you're stuck in a meeting that's not the most productive meeting in the world, you can get some other work done.

All right, let's move on.

Another great place where wireless networking could really provide benefit to people who are taking off --

**REGIS PHILBIN:** I see them all the time in airports.

**JOE BELFIORE:** You've got it. So you go to an airport. I could take my laptop to an airport. In fact, on the way here I did this at the Seattle airport, where there's wireless networking. I turn it on and sure enough at the airport I'll get a little balloon like that telling me if there's a wireless network. If there is, like in this case, I can click on that, see a list of available networks, and companies like Wayport are actually installing this service in lots of airports today so people can go, they pay a small fee just to get online, and then while they're waiting for their flight they can be doing their e-mail, on the Web, all kinds of stuff like that.

**REGIS PHILBIN:** What about on the flight, Joe?

JOE BELFIORE: Not yet, but I'm sure we'll get there soon?

### **REGIS PHILBIN:** Okay.

**JOE BELFIORE:** One cool thing, by the way, Wayport is one of these companies that's got the support in airports. Wayport has announced that for all Windows XP customers, starting today until the end of January, that Wayport wireless service will be free if you're using Windows XP.

### **REGIS PHILBIN:** No kidding.

JOE BELFIORE: So that's kind of cool.

**REGIS PHILBIN:** That's nice. (Applause.)

**JOE BELFIORE:** The last place where we're seeing wireless networking really start to take off is in hotels. I can take my laptop to a hotel. I turn it on. Whether I'm in my room, I'm in the lobby, I'm in the coffee shop, I'll see one of these little balloons that tells me a wireless network is there. I can connect to it. I can then browse the Web, do my e-mail, all that same sort of stuff.

**REGIS PHILBIN:** If you don't see the balloon, it's not going to work?

**JOE BELFIORE:** If you don't see the balloon, then you're not in a place with a wireless network. But a key thing is that these wireless networks are happening in lots and lots of places. So more and more you'll be able to go somewhere and do wireless networking.

#### **REGIS PHILBIN: Terrific.**

**JOE BELFIORE:** And, in fact, Reg, we're going to make sure that you can do it and all of you folks in the audience can do it, because the folks from Gear have provided these wireless cards free for all of you and for you to go try this stuff yourself with Windows XP.

**REGIS PHILBIN:** Great. That's a great idea.

JOE BELFIORE: All right, so that's wireless and mobility. (Applause.)

I think Bill has probably made it to --

**REGIS PHILBIN:** Are we going to check in with him?

JOE BELFIORE: We should check in with him.

**REGIS PHILBIN:** I hope he's there, safe and sound. Bill Gates in Times Square!

BILL GATES: Hi. I'm here at the Starbucks in Times Square. Let's go see what's happening inside.

**VENDOR:** I'll take an iced decaffe, triple zente, skim, light on the ice latte. Next?

**BILL GATES:** Hi. I'll take an 11 megabit 802.11 with a dynamic IP connection. And I'll have a beverage with it, too.

**VENDOR:** Oh, your network is up and here's your drink, sir.

BILL GATES: Wow, that's a strong double mocha.

**VENDOR:** Sir, that's hot chocolate.

BILL GATES: Wireless network, outstanding.

MAN: Dude, isn't it complicated to go wireless?

**MAYOR ED KOCH:** No, it's a snap. You'll be on the Web faster than the Yankees beat the Mariners.

BILL GATES: Mayor Koch, very catchy.

Excuse me, I've got a Windows Messenger request.

HOWARD SCHULTZ: Hi, Bill.

**BILL GATES:** Howard Schultz. What a coincidence? I'm at a Starbucks right now. The wireless networking you're testing in here is great.

MAYOR KOCH: It's Howard Schultz. He's the head of Starbucks. Hey, you're talking on the Internet.

**HOWARD SCHULTZ:** By this time next year, Starbucks is planning to offer customers high-speed wireless Internet access in many of our stores across the country.

BILL GATES: Terrific. Windows XP will be a big help for that.

MAYOR KOCH: It's so fast I was surfing before I was sipping.

**HOWARD SCHULTZ:** Absolutely. We're also planning to use Windows XP with Compaq technologies in our stores.

We're also going with Windows XP in our enterprise.

**BILL GATES:** Thanks a lot, Howard.

HOWARD SCHULTZ: Have a great launch. Next time the coffee is on me.

BILL GATES: Well, hot chocolate.

MAYOR KOCH: Did that guy say something about free coffee?

BILL GATES: Joe, Regis, back to you.

**REGIS PHILBIN:** Thanks very much, Bill. (Applause.) Ed Koch. Anyway, they are smart people, these Starbucks folks. They're everywhere. They sell their double decaffe lattes, Oprah books, CDs, everything and now they're wireless too.

**JOE BELFIORE:** You've got it. And wireless really is one of the cool things about Windows XP, but what we want to talk about now and why we're here is to talk about digital media.

**REGIS PHILBIN:** Yeah, what exactly is that?

**JOE BELFIORE:** Well, digital media is the idea that you could take pictures or music or videos or all kinds of content, stuff like this the way it is today and put it on your PC and then be able to deal with it easily and do lots of great stuff with it.

REGIS PHILBIN: You could condense all of these CDs on your PC?

**JOE BELFIORE:** Not only all of these CDs but all of these pictures. I have a box like this at my house, lots of pictures.

**REGIS PHILBIN:** Yeah, everybody's got these, and these, videotapes, yeah.

JOE BELFIORE: I've been trying to record all your shows, actually.

**REGIS PHILBIN:** Sure. (Laughter.) Maybe you and your wife can have a ball on Monday night, too. (Laughter, applause.) All right, now where do we go?

JOE BELFIORE: Okay, so let's go over here. Come on, step right up here and we'll take a look at photos.

So what we have this is an HP Pavilion PC. And see that box of pictures there? That's got about 2,000 pictures. We have all of those pictures on this PC.

**REGIS PHILBIN:** How did they get there?

**JOE BELFIORE:** Well, it's actually pretty easy with Windows XP. For one thing, you could use a digital camera to take them. You connect it with a wire. Windows XP recognizes it and copies the pictures to your PC. Or you could use a scanner to take pictures like that, scan them in and have them on your PC.

**REGIS PHILBIN:** But then how do you know which picture comes up after the next one?

JOE BELFIORE: Well, let's take a look actually. I'll give you a quick look.

Now, again to do this, I just have to go to the Start button, the place to start stuff, and one of the things on here is My Pictures. That's the My Pictures folder where all of these folders have been stored. And you can see I have tons and tons of them and they're categorized in little folders. Every time I take my digital camera and plug it in, I type in a name and they all go together.

REGIS PHILBIN: So if I want to expand or want to enlarge it, I can do that?

**JOE BELFIORE:** Well, let's try it. We have a folder full of pictures here that were taken for a photo event that Hewlett-Packard did, where they gave digital cameras to a bunch of folks from the age of 6 to 64 who weren't experts with them and they went around the city and took pictures.

**REGIS PHILBIN:** That's Central Park.

**JOE BELFIORE:** You've got it. So I can flip through these pictures using Windows XP's filmstrip view, and I can see them right here on the screen. And there's actually lots and lots of great stuff I can do with them once I have them here.

**REGIS PHILBIN:** Can I print these pictures out?

**JOE BELFIORE:** Well, thanks for the segue, actually. (Laughter.) In fact, you can. If you look right over here on the picture tab, there's lots of things that we make it easy for you to do with pictures, like view them as a slide show or you asked about printing. I can click Print This Picture and print it on my own printer, or I can order prints online and a company like Kodak or Shutter Fly will provide the service for me to actually get those prints in the mail.

**REGIS PHILBIN:** You order it online and it comes to you in the mail.

**JOE BELFIORE:** And it comes to you. In fact, I want to show you an example. One of the things that digital photography has finally caught up with film photography in is the quality of the photos. There's a Sony camera out there that's a 5 mega pixel camera, and with that Sony camera you can take pictures and blow them up to this size and they actually still look great.

**REGIS PHILBIN:** That's brilliant.

JOE BELFIORE: It's fine enough definition that you probably would be willing to hang it on the wall.

**REGIS PHILBIN:** Absolutely.

JOE BELFIORE: If you knew who this face was. (Laughter.)

REGIS PHILBIN: And you can get it that big, too?

**JOE BELFIORE:** You can, exactly. In fact, this was printed by someone from the development team, and I'm sure that's their kid.

**REGIS PHILBIN:** But you need disks?

JOE BELFIORE: All the pictures are on that computer and then you can print, order prints and so on.

But, in fact, that's not all you can do. As I'm showing you these tasks here, one of the other things that a lot of people want to do is share their pictures with other folks. So I have family who live in Florida. If I want to share pictures, I can e-mail them. So here's a picture, and if I want to e-mail this, I just click on e-mail.

Now, actually people can do a lot of this stuff today --

**REGIS PHILBIN:** But it comes out a little grainy. I've seen some of those.

**JOE BELFIORE:** Yeah, it can come out strange. It can be a picture that's really big. And, in fact, that's what I wanted to show here. This picture is 2.25 megabytes, and that's actually pretty big. It wouldn't even fit on a floppy disk, just that one picture, and that's how the quality is so high. If I were to send that to my sister who has a modem, it would really take her a very long time to download it. It wouldn't be very considerate of me to do that.

But what Windows XP does so that you don't have to know all this, if you were to use a PC, for example, and click E-mail This File, Windows XP will detect that the picture is really big and automatically offer to make it smaller for you, and then you just click Okay and then you'll get your e-mail message. You type in the name of the person you want to send it to and off goes the e-mail.

**REGIS PHILBIN:** And it shows up on their computer?

JOE BELFIORE: It will show up on their computer.

And you see right here this picture is now really small, only 63k, a very small size, but when I open it up, it still looks really nice, so the person on the other end can see the picture.

## **REGIS PHILBIN:** Fabulous.

**JOE BELFIORE:** So there are lots of ways you can share pictures. You can send e-mails. One of the things that I also did was I burned a bunch of pictures on this CD. Windows XP supports the ability to write CDs. So actually the truth is you can fit that many pictures on a CD.

**REGIS PHILBIN:** And then they play the CD and they see all the pictures on their computer.

**JOE BELFIORE:** You've got it. Or I could store it away in case I wanted to make sure I didn't ever lose them. There's lots of great stuff I can do.

**REGIS PHILBIN:** Terrific, Joe.

JOE BELFIORE: All right, you get the idea.

**REGIS PHILBIN:** Okay.

JOE BELFIORE: Let's move on and talk about music.

Over here we have a Sony Vaio MX. This is a Sony PC that comes with Windows XP. And I want to show you some of the cool stuff that you can do with music. I'm going to go right over here and open the My Music folder. And, in fact, all of those CDs, that's 2,000 CDs we have stored on this computer right here.

**REGIS PHILBIN:** Just like the pictures are stored on this one?

**JOE BELFIORE:** Exactly. In fact, there's room on the PC to put even all the CDs and all the pictures.

**REGIS PHILBIN:** No kidding?

**JOE BELFIORE:** Yeah, so you can get all that stuff on there. You know, you think about using audio CDs today. They're great, but if you lose one, then you don't have it anymore, if it gets all scratched up. This way you keep all your music safe and together in one place.

**REGIS PHILBIN:** And how's the sound quality?

JOE BELFIORE: The sound quality is great, which I'll show you in a second.

So if you see, I can scroll through the My Music folder and see all my digital music files. I have tons and tons of them in here. I'm just scrolling along and I'm barely through the B's. I'm a Billy Joel fan, a local guy, so let me go in there and I'll show you I have a bunch of Billy Joel albums here. And if I want to do something with the music, listen to it or whatever --

**REGIS PHILBIN:** You just keep hitting that little mouse and all of these things happen? (Laughter.)

JOE BELFIORE: I just double click the button, go in and there I am.

So Windows XP makes it easier for you to deal with all these music files. Once you put the CDs in, copy them to your hard disk, it can tell you who the artist is, how long the song is and so on. If I want to play the music, I can just select a song, go over here and choose Play, and that song will be selected, along with the rest of the content in the album and Media Player will come up here and we're listening to some classic appropriate Bill Joel.

REGIS PHILBIN: Wow, fantastic. And that's 2,000 albums at least?

JOE BELFIORE: On this PC, yes.

Okay, so this is Windows Media Player. I want to show you a little bit about it. It's been updated for Windows XP to make playing and dealing with music really effortless for people. So you see I have my play list here, my album art. The media player also makes it possible for me to deal with all that music.

So if I go into my media library, I can look at it in different ways. I can look at it, for example, by album. The list you saw before was all by artist.

**REGIS PHILBIN:** They're all listed there, huh?

**JOE BELFIORE:** They're all here.

**REGIS PHILBIN:** And who did that?

**JOE BELFIORE:** You know, we paid these folks a bunch of money to stick the CDs in, get all the music on here, and we're ready for the demo.

REGIS PHILBIN: Okay, good.

**JOE BELFIORE:** But you might imagine if you have your own music collection, you'll take one CD, stick it in, listen to it. It will be copied to the hard disk. Later you'll stick in another CD, listen to it, and it all happens pretty automatically.

Now, I have all that music in there. I can look at it by artist, by album and I can create play lists, which are my own sort of customized set of music that all go together.

**REGIS PHILBIN:** And you'll rearrange it?

JOE BELFIORE: I can arrange it in whatever order I want, have as many songs as I want.

**REGIS PHILBIN:** Fantastic.

**JOE BELFIORE:** You've got to remember, the cool thing here is that once you have this digital media on your PC, one of the great things is that you can do a bunch of stuff with it.

So, for example, I created this audio CD, Joe's Road Trip Classics, which are a bunch of songs that I like to listen to when I'm driving down the road. And I can also take the music with me by putting it on a portable digital music player. So right here we have a whole bunch of examples of portable digital music players being made by lots of companies to provide Windows XP users with music wherever they want to go. All of these music players work with Windows XP today.

So once you have the music, you can do lots of great stuff with it.

#### **REGIS PHILBIN: And how!**

JOE BELFIORE: What do you think?

REGIS PHILBIN: I think it's great. And you've got every artist --

**JOE BELFIORE:** Oh, we have a lot. There's 2,000 in here right now.

**REGIS PHILBIN:** Fabulous.

**JOE BELFIORE:** In fact, one of the things that some people say when I show this is that I go into this list and it's a little on the long side. You know, if I have to find a particular album in there, you've got to scroll through all this. And if I let you use it for a while, you might find that kind of inconvenient. And, in fact, I heard on your show that you mentioned to Bill that you'd like to be able to talk to computers.

**REGIS PHILBIN:** That's the answer. That's the final answer. (Laughter.) Just talk to the thing and let it do the work. Forget the mouse, forget pressing buttons, talk to it.

**JOE BELFIORE:** Okay, well, we're going to try to stay focused on that for a second. I want to show you a feature, because we're going to try to deliver on that promise. With Microsoft Plus for Windows XP, what Plus does is it extends the digital media experience, makes your PC more fun to use.

So what I'm going to do here, I'm going to open Plus and show you one of the things that we've done to start making that a reality. Like I said, Plus has a bunch of stuff, but what I'm going to do is I'm going to start the voice command for Windows Media Player. And what that does is it enables me to actually talk to the computer and ask for my music.

So watch this. Media Player. Play artist Lenny Kravitz. I think I spoke too soon. It wasn't quite ready. So I'll try it again.

Media Player. Play artist Lenny Kravitz.

**REGIS PHILBIN:** This had better work. (Laughter.) I don't hear Lenny.

**JOE BELFIORE:** I don't hear Lenny yet either. We'll try it one more time.

**REGIS PHILBIN:** Maybe Lenny's not in there.

**JOE BELFIORE:** Sometimes we have trouble with the mike being hooked up here.

**REGIS PHILBIN:** Right, Joe, sure. (Laughter, applause.) See, this is exactly what I'm talking about. Here's a professional, Lenny Kravitz, please, nothing. (Laughter.) Give it another shot.

**JOE BELFIORE:** I think it has to be a little quieter in here for me to do that.

**REGIS PHILBIN:** Okay, shhh.

JOE BELFIORE: Media Player. Play artist Lenny Kravitz.

(Music.)

**REGIS PHILBIN:** You got him!

JOE BELFIORE: All right.

**REGIS PHILBIN:** That's it. (Cheers, applause.) Now you're showing me something, Joe.

JOE BELFIORE: Thank you.

**REGIS PHILBIN:** Yeah, now I like it.

**JOE BELFIORE:** Yeah, we thought this is a cool and useful feature.

REGIS PHILBIN: Can you narrow it down, Joe, into the song you want to hear by Lenny or --

JOE BELFIORE: You can ask for genre, song. There's a lot you can do.

**REGIS PHILBIN:** Out of those 2,000 CDs, out of the millions songs on them, you can narrow it down? That's fabulous.

**JOE BELFIORE:** In fact, we have a little surprise for you, Reg.

# **REGIS PHILBIN:** What have you got?

JOE BELFIORE: Watch this. Media Player, play artist Regis Philbin.

**REGIS PHILBIN:** Oh, I like him. (Laughter.)

(Music.)

**REGIS PHILBIN:** Oh, I love that song. (Laughter, applause.) Who needs Lenny Kravitz? (Laughter.)

JOE BELFIORE: Yeah, there you go.

Okay, so you get the idea how digital media and music makes all this stuff possible.

**REGIS PHILBIN:** It's incredible. It really is.

JOE BELFIORE: And I'm just going to exit out of this.

The next thing I want to talk about is video, because with digital media, you know, there's photos, there's music and now there's video. We have a Sony camcorder here. I'm just going to turn it on and connect it to the PC. And the Windows XP PC will recognize that I just attached a device.

**REGIS PHILBIN:** We're connecting this to that piece?

**JOE BELFIORE:** Exactly. I could have attached a regular camera, and what Windows would do is it would prompt and say, "Well, what do you want to do? You just plugged in a camera, what do you want to do." It gives you a list of choices. I can record a video using Windows Movie Maker. I can edit and record video using Adobe Premier, software that's created by Adobe. I can capture and record the digital video using Sony's DV Gate Motion, which comes on this PC. So I have a range of choices and lots of companies are providing those services.

But what I'm going to do is I'm going to open Windows Movie Maker, because I want to show you what comes with Windows XP.

**REGIS PHILBIN:** These are the movies you make?

**JOE BELFIORE:** Exactly. So what I've done actually just for expediency, rather than capturing all the video here, I captured the video earlier and I started working on a little video project of my own, and I want to show this to you. And I'm just going to finish it.

So these are clips that I played from the camera into the computer. I'm going to grab one more clip here.

**REGIS PHILBIN:** You're going to do editing right here?

JOE BELFIORE: I'm editing right now. I just dropped the clip in. Here we have some Lenny Kravitz.

**REGIS PHILBIN:** Again with Lenny Kravitz?

**JOE BELFIORE:** We thought about putting Regis in here, but somehow we didn't think it would fit with the theme of this.

So now I've done my little editing, and then if I want to see it on the computer, I can just click Play right here and watch the video on the computer.

(Video clip.)

**REGIS PHILBIN:** So now you're adding the music to your ---

JOE BELFIORE: I just added the music.

**REGIS PHILBIN:** Got you.

JOE BELFIORE: This is a nice summer day in Seattle.

**REGIS PHILBIN:** You're your own movie producer, director and editor.

**JOE BELFIORE:** I'm trying. It's possible with Movie Maker that's part of Windows XP and with some of the stuff that other folks are doing. So what I can do is I can create that little movie, but again remember it's what you can do with the stuff once you have it. I can save it to my hard disk and keep it. I could put it on a CD. I could send it to my friends or family by e-mail. It would automatically make it small and send it out so

other people could watch.

But what I want to show actually is a really cool thing that a different company has provided, which is the ability to create DVDs. So this Vaio computer actually comes with a writable DVD drive, and a company called Sonic has an application that can create DVDs. What we did before the show today was we took that same video and actually burned a DVD. And over here I have a Sony consumer DVD player, just like the DVD players that lots of people have, and I could stick the DVD in the drive. You might imagine I sent the video to my family or to my friends. They can take it home. I click Play and voila they're able to watch my edited video on a DVD.

REGIS PHILBIN: Wow. Can you transfer that from PC to PC or you have to mail it to them?

**JOE BELFIORE:** I could mail it to them. I could hand it to them. If I thought I was a really great filmmaker, I could put my DVDs in stores and try to sell them.

**REGIS PHILBIN:** Families are going to love that.

JOE BELFIORE: All right. So that's video. (Applause.)

**REGIS PHILBIN:** That's pretty good, Joe.

JOE BELFIORE: Thanks.

**REGIS PHILBIN:** Awfully good. It's incredible. It really is.

**JOE BELFIORE:** There's one more thing that we want to show related to digital media. Now, as Jim and Bill said, Windows XP includes experiences that are part of Windows XP, but it's also really important that other companies can create and build even new experiences that are not things that we work on. So I want to show an example of that.

There's a company called SnapStream that has created a product called Personal Video Station. And what they're doing is taking advantage of features built into the Windows XP platform to create this program that lets you use your PC like a fancy VCR. You plug your cable TV in, and then it can record TV shows, and you can do all kinds of stuff with those TV shows once you've recorded them. And the Windows XP platform makes that pretty easy for these folks to do.

So here we are. To record a show I just click on the record function here and you see this is a program guide from local New York shows here. This is what you'd see if you had this PC at your house. And if you see any shows on here that you think would be good ones for me to record, let me know. Any idea?

REGIS PHILBIN: Yeah, let's add the "Who Wants to be a Millionaire" show.

**JOE BELFIORE:** Oh, that's a good idea. So I could just click right on that and I can record it. You know, I can record it once. I can record it weekly.

**REGIS PHILBIN:** Whenever it comes up, you'll record it. (Laughter.)

**JOE BELFIORE:** Yeah, in fact, since you're here, I'll record it daily. I just click on that and the application shows me that it's now added to my scheduled recording list. So now the PC is going to automatically record the show whenever it finds it.

**REGIS PHILBIN:** Is it one show per PC?

**JOE BELFIORE:** You can store lots of shows on a PC. And, in fact, I'm going to go over here to the Watch function and this is how I watch TV shows. All of these TV shows have been recorded, so if I want to watch your show to see how you did that day, I'll click the play button. The TV show comes up in Windows Media Player here and I can go to full screen mode and use my PC just like a TV.

**REGIS PHILBIN:** The quality is fantastic, isn't it?

JOE BELFIORE: You mean the quality of the show or -- (Laughter.)

REGIS PHILBIN: No, I mean, of the picture I'm seeing. I mean, it's really great. (Applause.)

**JOE BELFIORE:** Well, we think it is too. And that's what these folks are able to do.

**REGIS PHILBIN:** That's a nice looking guy, yeah. (Laughter.)

JOE BELFIORE: That's what these folks are able to do with the Windows media technologies that are part

of Windows XP.

REGIS PHILBIN: And only on XP Windows can you get all this?

**JOE BELFIORE:** You can do some of this stuff with other PCs, but Windows XP pulls these experiences together in a way that makes it really easy for people to use, and adds new features and functionality to people writing applications.

Now, I want to show you one more thing in digital media. Come on around here. Like I've been saying, one of the great things about digital media is what you can do with the content once you have it. So we have a Compaq Pocket PC right here. This is an ordinary Pocket PC that people can buy today. And what you can do with Windows XP and the SnapStream software is actually take those TV shows and move them onto your Pocket PC or your laptop so you could take them with you. If you want to put your kids in the car and give them something to watch, if you want to have something with you on the plane --

**REGIS PHILBIN:** How many can you take on that?

**JOE BELFIORE:** It depends how much memory you have, but you can buy little cards that extend the memory and keep a bunch of shows on there. So if I want to watch your show, run them on the plane, I just click the link and right there I've got TV in the palm of my hand.

**REGIS PHILBIN:** There it is again. It's everywhere. Okay. I tell you, you know, you boggle the mind. I just hope I can remember all this when I get home. I'm sure I will. (Laughter.) What's next?

JOE BELFIORE: Okay, well that is the digital video, digital music ---

**REGIS PHILBIN:** Incidentally, where is the big boy? Where is he?

**JOE BELFIORE:** You know, I think he's out there in Times Square.

**REGIS PHILBIN:** Still in Times Square. I hope he's all right.

JOE BELFIORE: Well, we should probably check in and see what's up with him now. So, Bill, are you there?

**BILL GATES:** We're here at the Virgin store in Times Square. Let's go see what's happening. (Music.) Great. I think I'm going to ask the experts a question about what to get my executive committee for their stocking stuffers.

**DICK CLARK:** Hey, Bill, I know some people say you put the square in Times Square, but if you're looking for a rockin' holiday season, try any of these.

# BILL GATES: Hey, thanks.

DICK CLARK: My pleasure.

**BILL GATES:** It's pretty amazing they got Casey Kasem to do that. (Laughter.)

MAN: Hey, buddy, you going to be done with this XP workstation any time soon?

**BILL GATES:** Hey, this is really cool. We've got XP delivering 250,000 music clips, 11,000 DVD previews and 7,000 videogames. It's a great use of the media technology in XP.

Hey, what kind of music do you like? Well, what have you got? Let me look at that. (Music.) Hey, the classics never go out of style.

I've got one more stop to make. Back to you, Phil and Regis.

(Laughter, applause.)

**REGIS PHILBIN:** Well, those guys have great taste in music, don't they? Actually, it was the guy with the tattoos who wanted to hear me again. (Laughter.)

So, this is a little video machine here, this video thing I'm hearing about where you could talk to someone and see them at the same time and they can see you?

JOE BELFIORE: You've got it.

REGIS PHILBIN: Can real people do this, too?

JOE BELFIORE: Yep, and you're going to do it now.

# **REGIS PHILBIN:** Okay.

**JOE BELFIORE:** Okay, so what we have here is a Compaq Evo Laptop and we're going to talk about realtime communications and how Windows XP lets you communicate with people in real time. So this is an inexpensive Web cam and this is Windows Messenger. And I'm just going to get you started here. We created an account for you. This is your account. We put some buddies in there. These are people that you might want to communicate with frequently. And, in fact, Bill is one of them and he's online right now.

So I'm going to double-click on Bill, and here we have a conversation window. We could have a conversation with Bill.

Now, there's lots of different ways that you can communicate. In fact, see, Bill just typed, "Hey, Regis." So if you want to communicate with him by typing --

**REGIS PHILBIN:** Yeah, but I can't type. Okay, I've got this. How about this: "Hi, Bill."

JOE BELFIORE: There you go.

**REGIS PHILBIN:** Isn't it easier to just make a phone call? (Laughter.)

JOE BELFIORE: Well, you know, in fact, since you're a guy who's really more into talking --

**REGIS PHILBIN:** Yeah, I want to talk.

**JOE BELFIORE:** Well, let's just do that. So rather than messing with this typing thing, if it's not what you're comfortable with, then all we have to do is move the mouse over here and click Start Talking. And what we've done is just like a phone call. We've asked Bill if he wants to talk to us, so imagine his phone is ringing, and on his end all he has to do is click Accept to accept the call.

**REGIS PHILBIN:** And he's got one of these set up wherever he is?

**JOE BELFIORE:** He's got a microphone where he is, so, in fact, he accepted, so you should be able to talk to him now. Try it.

**REGIS PHILBIN:** Hello, Bill?

BILL GATES: Regis.

**REGIS PHILBIN: Bill?** 

BILL GATES: Regis.

REGIS PHILBIN: Hi, Bill. How you doing?

BILL GATES: I'm doing great out here. Everybody loves me.

REGIS PHILBIN: Oh, yeah, you're out in Times Square. But I can't see him. Where is he?

**JOE BELFIORE:** Well, good question. So if you want to do that, just why don't you move the mouse up there and click Start Camera?

**REGIS PHILBIN:** Start Camera right there?

JOE BELFIORE: Right there. You've got it. And so now you've asked Bill --

REGIS PHILBIN: Hang on, Bill, I'm getting you on --

BILL GATES: Regis, can you see me?

**REGIS PHILBIN:** Not yet.

JOE BELFIORE: He'll be popping in here.

**REGIS PHILBIN:** Hello, Bill. Is he going to come on soon?

**JOE BELFIORE:** Well, he might be having trouble with his camera.

**REGIS PHILBIN:** See what I mean, every damn time I do this -- (laughter.) These guys have spent millions of dollars putting this together. I just screwed up the whole presentation. (Laughter.) It doesn't work for me.

JOE BELFIORE: It's not you. I'm sure it's the fact that we have this extensive stage in here.

**REGIS PHILBIN:** Maybe Bill's doing something wrong. Ever look at it that way? (Laughter.)

**JOE BELFIORE:** It could be. I'm going to try stopping the camera and starting again. He's out there literally on the street and it's possible that his camera is not plugged in or not quite working right.

**REGIS PHILBIN:** Tell me when to press the button.

JOE BELFIORE: He should be getting his request there and let's see if his camera comes in.

**REGIS PHILBIN:** A little picture. Oh, that's me.

JOE BELFIORE: That's you. Okay, well unfortunately it looks like Bill's camera is not working.

**REGIS PHILBIN:** Do you understand?

JOE BELFIORE: I understand.

**REGIS PHILBIN:** Do you understand what the problems are here?

**JOE BELFIORE:** I understand.

**REGIS PHILBIN:** What happened?

JOE BELFIORE: Oh, actually good news.

**REGIS PHILBIN:** What are these things?

**JOE BELFIORE:** Bill's assistant is out there with a backup machine and camera.

**REGIS PHILBIN:** I'll talk to anybody.

JOE BELFIORE: So let's try that.

**REGIS PHILBIN:** Get Mayor Koch back. We don't care. (Laughter.)

**JOE BELFIORE:** We're going to go here and do Start Camera, and now we're asking Bill's assistant to do this, and hopefully this camera -- there we go. That camera is looking a little better.

**REGIS PHILBIN:** Does Bill's assistant have a name? Oh, there's Bill.

JOE BELFIORE: There's Bill.

**REGIS PHILBIN:** Yeah, Bill, how are you? I see you. Yeah, we finally got it working here. You look terrific.

**BILL GATES:** Hey, it's great out here.

REGIS PHILBIN: Yeah, who was the guy with all the tattoos?

**BILL GATES:** I really don't know him too well. I ran into him in the store there. (Laughter.) He's a big fan of yours.

**REGIS PHILBIN:** Do you still have a wallet on you?

BILL GATES: You bet.

**REGIS PHILBIN:** Okay. (Laughter.)

BILL GATES: I'll be back soon.

**REGIS PHILBIN:** All right, great, Bill. Call me back.

**JOE BELFIORE:** All right, let's move on now. That's real-time communications, but what I really want to do I want to come over here to this machine and talk to you a little bit about how other folks can create solutions using this Windows Messenger technology. So it's not just what we put in, the video, the voice, being able to share applications, but it's what other people can do too.

So here I have Windows Messenger. Imagine this is my work machine. And, in fact, this version of Windows Messenger is updated. And everyone who has Windows XP today can get an updated version of Windows Messenger. It's that kind of thing Bill was talking about where we continually improve Windows XP.

So here's my Messenger account. I have a bunch of contacts. Now, the first thing that I want to talk about is using communications to make existing scenarios better. The folks from McAfee are experts are protecting your PC against viruses and they've done a version of their application specific to Windows XP. And one of the things that they have done is taken advantage of this communications technology to be able to notify people when an important virus event is happening. So they can actually send out an alert, and it will pop up on your screen just like that to tell you if you need to be aware about a particular virus. So that's one example.

Another example, Verizon, actually the largest phone company in the U.S., they're doing work with Windows Messenger to make using your phone actually work a little bit better through the power of the PC. So here I've gone to a Verizon tab in Messenger and I can see whether I have any voice mail. I can see whether there's caller ID for me. And one cool thing that they can do is they can tell you if you're getting a phone call at a place you're not. So if I'm at work and my phone rings at home, they can notify me with a pop up telling me that I've just received a call at home and, in fact, I can even transfer the call from home to work or check my voice mail and the PC makes it easy for people to find those kinds of features.

Another thing that folks are doing with this, there's this company called C&M and they do work with phones and what they've tried to do is to use Windows Messenger to help connect people over phones. So what I'm going to do actually is select a bunch of my contacts here, and I won't select quite all of them. I'm going to add them to the C&M application, and I can do lots of stuff with these people. But what I'm going to do actually is start a conference call. I'm going to use my PC to start a conference call. And right now the C&M network is setting up a conference call -- it just takes it a minute -- and then it's going to dial all these people's phones.

# **REGIS PHILBIN:** All of them?

**JOE BELFIORE:** It's going to dial all these phones and put them together in a conference call. And sometimes the cell network takes a little while. In fact, there's a phone and we have a phone here for you. We'll put you on the conference call. And out there in the audience we have some folks who have cell phones that we've invited into this conference call. You can go ahead and answer that.

**REGIS PHILBIN:** I don't know how. How do I do this? (Laughter.)

**JOE BELFIORE:** The green button answers the phone.

### **REGIS PHILBIN: Hello!**

**JOE BELFIORE:** And you're on the conference call. But we're not going to spend time in the conference call. You get the idea. If I wanted to --

**REGIS PHILBIN:** No, I want to be a part of the conference. (Laughter.)

**JOE BELFIORE:** If I wanted to have this conference call and if someone was being a pain and I wanted to boot them out, I could select them -- you see here in the app -- and I could mute them. (Laughter.) No offense. I wasn't talking about you necessarily. (Laughter.) I can chat with people while I'm having a conference call. So this really makes communication easier.

And the nice thing about it is if you use Windows Messenger and you have a bunch of buddies, they're already ready and available for you to set up conference calls and do lots of other things with.

**REGIS PHILBIN:** So you guys, every year you get a little closer to joining everything together.

**JOE BELFIORE:** We're trying to get all these devices and applications to work together in a way that people can get things done and then allow all these other companies to create great new services and features for their customers.

The last thing we have to show is this is an application from FYE. FYE is a large retailer in the U.S. They sell music and video. And they've created an application for Windows XP that pulls together media and communications to create a community around people buying music and videos.

So I want you to imagine that I recently visited an FYE store. And if I have one of these little FYE frequent buyer cards, they'll scan it in when I buy a CD. So imagine I just bought this Everclear CD at a store. And then when I log onto my PC, I can go to their application, click on right here it says these are albums that I recently bought, I can click on this album, and literally from any PC click on Listen to the Music and be able to listen to my music wherever I am.

So FYE is working with the record companies to make this kind of music, being able to distribute music to

We'll also have a new release of our online client, MSN Version 7 with rich photo connections, rich communication connections and a national broadband offering that is shipping at the same time as Windows XP and, of course, was designed to take full advantage of it.

So all these things on top of Windows really just extend the experience.

Well, where are we in terms of momentum? Well, in business we've got a lot of major businesses that have moved even faster than we expected to get out there with deployments. Wells Fargo, Citigroup, BMW, Reed Elsevier, Enel, Commonwealth Bank, worldwide people are seeing the reliability having a quick payback for them, and so they're fitting it in to their upgrade cycle. That continuous improvement is very important for them.

From consumers we have the most pre-orders ever on this, 100,000, so those are huge numbers, actually more than twice what we had with Windows 95. (Applause.)

If you go into a store to buy a PC today, you'll see that those PCs overwhelmingly have XP. In fact, there are over 5 million PCs worldwide sitting in stores ready to go with XP. It's very key to this selling season that's coming along.

So certainly since Windows 95 there's never been anything like it. We've learned a lot since then and we're launching off of a much bigger industry, a much bigger install base than ever before, and we think that that will drive things forward in a big way.

So what kinds of things can you expect to see when you go into those stores? Well, each retailer will be creative in their own way about packaging neat new things because of the extra traffic they're going to have. You'll see that many of them, particularly with the Pro edition, are including RAM. And I was amazed to see that you can get 128 megabytes of free RAM or even more in many of these offers.

One of our partners in the 802.11 world, Wayport is saying that all their connections will be free for XP users all over the next three months.

And then the variety of deals, software add-ons, peripheral add-ons, digital cameras, all the things that show off why we needed this new platform, the retailers have put neat things together that go around that.

The consumer version is a \$99 upgrade, and that's traditionally what we've done. The Professional version is \$199 upgrade, again the same as we've done in the past, despite the incredible new capabilities that we've got here.

So we want to make it easy to move up to this new level and the retailers are helping us to do that.

There's a lot of progress that starts with Windows XP. Over this holiday, if you take all the different systems and peripherals, the total size, the total selling worldwide will be over \$100 billion. The product fits in to the need to reenergize sales. It fits into the need to have this overall ecosystem tackle the new scenarios, whether it's cameras or DVD, all the different things you've seen. And it's an opportunity to drive communication things up to a whole new level; so a lot of new beginnings here as the computer industry moves into a phase assuming the much richer platform.

As part of the launch here today, you know, we are not only celebrating the product, but we're celebrating what's gone on in the spirit of New York City, the resilience of the city. And so as part of the launch, we have a free Sting concert that's taking place today. It's a free concert for everybody to go and be a part of that. And I understand Sting is already here and warming up. Let's look and see if he looks like he's almost ready.

**STING:** Good morning, everybody. This is Sting here. I trust everything is going well at the launch. The band and I are preparing ourselves for the show at 1:00, so please come over and have a great time. See you later.

### (Applause.)

**BILL GATES:** So we're very excited. We're focused on providing innovations in software, driving the continuous improvements for a much better experience, and there's a lot going on here that speaks to this decade and what's going to happen in this decade. We can kind of sum it up in terms of saying, "Yes, you can." Neat new things, better ways of working together, driving the industry to help with productivity throughout all sectors of the economy.

So it was wonderful to have you here today. We've had a lot of fun with this launch. It's fantastic and please come celebrate with us at Bryant Park. Thank you.

(Cheers, applause.) END