Credit Suisse Technology Conference

Company Participants

- Terry Myerson, EVP of Operating Systems

Other Participants

- Phil Winslow, Analyst, Credit Suisse
- Unidentified Participant, Analyst, Unknown

Presentation

Phil Winslow {BIO 6300579 <GO>}

All right. Good morning, everyone. Very excited to have Ali Baba here but we are going to transition onto the next keynote. Anyway, very excited to have Microsoft joining us; Terry Myerson, Executive Vice President of Operating Systems. So the way I'd break that down is you are the platform dev guy. So last time I checked platform was kind of important in Microsoft.

Terry Myerson {BIO 17496274 <GO>}

I think it's important to everything.

Phil Winslow {BIO 6300579 <GO>}

Everything, exactly. Before we get started, I just have brief remarks there. Before we get started, Microsoft would like to inform you that this presentation does contain forward-looking statements which are predictions, projections, or other statements about future events. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could materially differ because of factors discussed in Microsoft's press release and the comments made in the presentation as well as risk factors listed in the Microsoft SEC filings. Microsoft does not undertake any view to update any forward-looking statements.

And with that said, I'm going to turn it over to Terry, who has a couple of sort of just brief remarks to level set things and then we will get into Q&A and then we will open up to the audience later. Terry?

Terry Myerson {BIO 17496274 <GO>}

Thanks, Phil. Let me start by complimenting you on your bowtie. It's very nice.

Phil Winslow {BIO 6300579 <GO>}

Thanks. I went all in today.

Terry Myerson {BIO 17496274 <GO>}

I thought I would start by talking about one question that is probably on many people's minds and that is who will be our next CEO? This is probably -- there's one thing that I can officially share on that front and that it will not be me. So hopefully we can relax a little more in the next period of time.

So the group I lead at Microsoft is our Operating Systems Group, which includes a family of products starting with our Windows embedded products, which has enabled so many of our enterprise customers to get their industrial products onto the Internet, connected, remotely manage them. And so forth through our Windows phones, through our Windows tablets and PCs to the platforms and services which power our Xbox product as well.

So it's a pretty exciting set of products to work on. It is somewhat humbling to work on as well given all the different users and the people that depend on these products around the world. I get a lot of questions about so many of our products are used in enterprise settings. We certainly get tremendous questions about the consumer usage of these products as well and I think heading into the holidays, there's quite a bit of cautious optimism that things -- this is going to be a good holiday for us.

I just looked this morning at Amazon's website, reviews of some of the new tablets, the Dell Venue Pro is running at 4.5 stars, which is pretty exciting for me to see because I think just that sort of customer feedback and the customer response to the product are kind of the most important thing and empowers us and gives us -- inspires us to do great work.

Our most recent IDC reports show us outselling the iPhone in one-third of the markets they track, which is pretty exciting and of course the new Xbox One, we are selling them as fast as we can make them and so trying to make more.

Phil Winslow {BIO 6300579 <GO>}

I think you guys sold a few yesterday -- the holiday. That's great.

Terry Myerson {BIO 17496274 <GO>}

You know, we've just recently brought these products together into one group. We are kind of -- we are very focused on shipping things for this year but our investment thesis going forward is really rooted in the fact that we want to have one platform that powers all of our devices so that developers can really target the aggregate scale of Microsoft with their investments, the one thing that we have incredible scale

with these devices today in terms of getting our developers today target one device at a time and we see incredible opportunity to make Microsoft the most compelling place to develop our applications if we can bring both the innovations and the audience together across all of our devices.

At the same time, each of our device form factors does require a unique tailored experience I think to really delight the customer. Xbox has got this magical experience on a 4-foot screen that I wouldn't want in my pocket on a 4-inch screen and likewise I wouldn't want to scale up Windows Phone into a 4-foot screen. So tailoring the experiences to each form factor is another key part of our investment thesis.

The third one is bringing our cloud services together so that all of our devices can take advantage of the cloud services, which have historically been unique per device. We've had Windows LIVE. We've had Xbox LIVE. And now want all of our devices to be able to take advantage of those.

So it is a very exciting time. Device categories are growing and expanding fast and in many ways what we focus is on delighting customers because with each happy customer we get, the future feels bright.

Questions And Answers

Q - Phil Winslow {BIO 6300579 <GO>}

With that said, obviously you now lead all the OS groups as you mentioned across the Company. Maybe if you could give us a little more detail on your strategy of actually bringing out that common development platform across all these different devices, like how are we going to actualize that?

A - Terry Myerson {BIO 17496274 <GO>}

Today Microsoft has many platforms. We have many platforms and many devices that are out there. The number of devices that connect to Windows updates every day -- I'm not sure every day but within a month I think it's close to 1 billion devices every month that are connecting with Windows Update. We have all of our PCs, we have PCs which run on the desktop mode, we have PCs which run the tile mode. We have phones. We have these embedded devices, we have servers and each of these devices has unique ways for developers to target them.

And that is both a strength because it enables developers to do very targeted applications for these devices but it also doesn't create the opportunity of the aggregate scale of all those devices. So enabling developers to write a game which can run on both Xbox and Windows is a very interesting opportunity enabling productivity apps to run on the workplace but also on the phone and tablets, this is just an opportunity we see we can bring to developers and focus on.

Q - Phil Winslow {BIO 6300579 <GO>}

So what are the benefits to the end user as well in addition to the Company itself from this common development platform?

A - Terry Myerson {BIO 17496274 <GO>}

Well on each of these device categories there's always the killer apps and then there's the tail apps and they synergistically work together. On the PC, Office is the killer app which drives productivity and it is this magical combination of Office and Windows put together that makes these devices the core productivity experience for people.

On Xbox, I don't know which alien shooting game is the killer app but each of those -- there's these magical apps that put together with the Xbox platform drive the consumer demand for the device. But our goal is to enable those magical applications across all of our device categories and again, we are coming back to sort of end-user apps but it's just as important are these embedded enterprise apps and industrial apps that are just common across all Windows devices around the world but we want to bring those across all categories.

Q - Phil Winslow {BIO 6300579 <GO>}

Now you've been the head of this new group since July so I guess two questions. Like what are some of the early kinds of progress in the strategy? But also too, what are the hurdles or challenges that you foresee that you are going to need to overcome over the next couple of years in this role?

A - Terry Myerson {BIO 17496274 <GO>}

Progress is always -- visible signs of progress will come from shipping products and having delighted customers with those products and that is not something that takes many years but it certainly takes many months. The products we just shipped this holiday really were planned by individuals completing Xbox One, conflicting Windows 8.1. These are challenging and exciting things -- I think we've just -- very important products that deliver to the market and talked about the results from those. But the fruits of the one Microsoft changes that Steve made really will be seen in 2014 and 2015 and beyond.

Q - Phil Winslow {BIO 6300579 <GO>}

Let's go back to a comment you made about devices. You talked about some of the new Dell laptops, Asus, the two in ones.

A - Terry Myerson {BIO 17496274 <GO>}

That was a tablet, actually.

Q - Phil Winslow {BIO 6300579 <GO>}

Sorry, tablets but then the Asus, the transformer book, these new devices, how is Microsoft helping I guess your OEM partners bring some of these new devices to market and sort of with the functionality but at the appropriate price points?

A - Terry Myerson {BIO 17496274 <GO>}

Every OEM conversation has this sort of bipolar nature to it. Every OEM has his interest in participating and leading in terms of the premium category so they want to -- they have -- each OEM, each partner has their view to the differentiation they are providing and they want to invest in and they want to deliver that differentiation on the Windows platform so they can participate in the premium category and capture the margins in the premium category. And at the same time, each of these partners is interested in the scale that comes from sort of the lower price -- opening price point devices. And we engage with our partners on both of those dimensions.

What is the differentiation they would like to bring and invest in so the premium device margin can be captured? Then what is the both the technology and the distribution and business investments we can make to capture the opening price point as well?

Q - Phil Winslow {BIO 6300579 <GO>}

Let's stick with the device theme here and John (inaudible), this is for you if you are out there. So let's talk about ARM versus Intel. He's my semiconductor analyst. ARM versus Intel -- I just want to talk about support in terms of your backwards compatibility of the operating system and the applications and how you kind of manage the backwards compatibility but also wanting to bring on new partners like ARM, expand the device ecosystem there with Windows RT. How do you balance that?

A - Terry Myerson {BIO 17496274 <GO>}

The core -- the familiarity with Windows and the compatibility Windows not just of applications but also of drivers is the core of our business today. And it's interesting, we talk a lot about applications but device drivers are a whole nother element to this. As an example of this, I was with the customer weeks ago and there was a discussion of printers that they purchased years ago and they've got to be compatible with their devices and so there's this whole ecosystem built up around compatibility with Windows that's incredibly valuable to our customers. And that compatibility is x86.

It is a market which Intel and AMD serve. They are great partners and they are both investing in very exciting innovations and we are partnering with them or participating in the whole spectrum from the new innovation for premium products all the way down through opening price points.

At the same time, the ARM ecosystem has its own set of rich innovations that we need to participate in and the devices they are focused on. And so we've got a great partnership with QUALCOMM and that's yielding some very exciting progress.

Q - Phil Winslow {BIO 6300579 <GO>}

All right. So we are talking about sort of the overall platform strategy Windows. One more question about Windows before moving on to Windows Phone. But if we think

about 8.1, obviously a big interim release, maybe talk about how we should expect sort of the cadence of we'll just call it big boy Windows versus Windows Phone. The cadence of the versus -- we used to think about, okay, big launch, a couple years later, big launch. This was kind of this intermarry 8.1. Is something changing with the release of 8 and how you deliver to the platform?

A - Terry Myerson {BIO 17496274 <GO>}

With Windows we have a consumer set of devices.

Q - Phil Winslow {BIO 6300579 <GO>}

Does this apply to all device categories?

A - Terry Myerson {BIO 17496274 <GO>}

There is a consumer set of devices and then there's what I will call an enterprise set devices and one thing that we will continue to do and I think really -- the world has shown that there really is two different customers really have divergent needs. The consumer really is ready for things to be upgraded on their own, things to be require -- you are able to require a certain set of experiences and do things to consumer devices that IT pros are not as -- they want to have -- this is part of the infrastructure of running their business. So they value us giving them the policies and the controls to do that.

With the consumer versions of our products and the enterprise versions of our products or the professional versions of our products, we will be focusing on serving each of those customers and delighting them and there may be different cadences or different ways in which we talk to those two customers. And so it is 8.1 -- there's 8.1 Pro and they both came at the same time. That's not clear to me that's the right way to serve the consumer market. It may be the right way to continue serving the enterprise market.

Q - Phil Winslow {BIO 6300579 <GO>}

So let's transition to Windows Phone. Actually one of your partners, Nokia, Q3 had good momentum in Windows Phone. It seems like some of that is picking up. Where are we on Windows Phone and what do we need to see in Windows Phone to take that next step to bring the market share higher?

A - Terry Myerson {BIO 17496274 <GO>}

Windows Phone has got a product that -- it's kind of like so many of -- it's done quite well in what I will call the opening segments, actually. It's getting to delivering a high-quality experience in opening segment really is a tremendous software project and a very important -- it is important hardware (inaudible) to get done as well. But at the place where excellent hardware engineering -- sorry, excellent software engineering where someone can really focus on tuning the experience on a tight electrical bond is a place where we've been able to differentiate, take share in double digits and outsell the iPhone in many markets.

In the premium categories, it's a place where we've delivered some great innovation. I am very proud of the Lumia 1020 work, the work that we've done on the camera with Nokia there and we are exploring innovations like that with other partners now.

But I think really our success with Windows Phone is going to be proportional to our success with Windows. As Windows grows and becomes more vibrant and more important in people's lives than the PC, then they will want a Windows Phone with it. So to me the most important thing for Windows Phone success is Windows success.

Q - Phil Winslow {BIO 6300579 <GO>}

Let's talk about -- there is a little company you guys are buying called Nokia. And so from a sort of platform perspective, you being the development guy, how does actually owning the hardware OEM change I guess the development process or the cadence that you can deliver a product?

A - Terry Myerson {BIO 17496274 <GO>}

For the operating systems group, we are focused on being a platform provider to all of our ecosystem partners and so whether it be Dell, HP, you mentioned Asus, Acer, Lenovo, these are all important partners that we will work with and in the highest integrity way to deliver their innovation to our platform and to delight customers together with their devices. So that's the most important thing from an operating systems group perspective.

From a Microsoft perspective, having the Company's ability to innovate in hardware I think is exciting for us to be able to create new device categories ourselves, to be able to deliver -- in some ways Microsoft being able to deliver a premium experience that is a pure expression of what Microsoft thinks a device should be does allow us to also at the same time enable our OEM partners to differentiate and let their devices be what they would want them to be. And so I think it's very exciting for Microsoft. In the same way as having Microsoft store, having Microsoft devices gives us the confidence to let other partners go free and do their own thing.

And so I think it's just very exciting for Microsoft and then as a platform group, we love all of our partners.

Q - Phil Winslow {BIO 6300579 <GO>}

Let's switch gears to the Xbox now. I wonder if you could talk about the Xbox One launch and sort of how you are approaching this versus 360 especially sort of just with the context of sort of this total platform perspective?

A - Terry Myerson {BIO 17496274 <GO>}

I thought you were like an enterprise software --

Q - Phil Winslow {BIO 6300579 <GO>}

I know. We are mixing it up now. Eventually I will get to the enterprise stuff.

A - Terry Myerson {BIO 17496274 <GO>}

The living room is an important -- it's a key part of all of our lives and the PC is a part of our life from 9 to 5. Xbox in our living rooms and our homes is part of our lives I guess from 5 to 9. And we do more with our families in that living room than play games and shoot aliens. And so having the ability to innovate and delight customers in that living room is just an important opportunity for us.

Q - Phil Winslow {BIO 6300579 <GO>}

Then I guess how do you tie this into sort of the Xbox into that total platform strategy across all devices? Where does Xbox fit into this? Sometimes I get the question it's like why do you even need Xbox? Is it part of the platform ecosystem?

A - Terry Myerson {BIO 17496274 <GO>}

I don't think there's any part of our -- what we do, we are one person both at home and at work. We do work at home. Who we are as a person doesn't stop when we go to work and so being able to provide a platform that people enjoy using throughout their lives is just critical.

The entertainment assets we have developed through Xbox will differentiate our PCs, phones. And tablets. The cloud services we built up through Office 365 and Windows LIVE will help differentiate things we do in the living room. So it really does all work together synergistically.

We do have these core Xbox audience of young men that is different than perhaps sort of the core audience or the Windows PC right now and we do have these two brands, Xbox and Windows. And so sometimes those two different assets can make the conversation more complex but fundamentally the notion that people want a device that can serve both their life and a work and play mode, I think it applies to every device category and it applies to more than just Xbox. Xbox is a device and a brand but that sort of under appreciates what that product is and what it means to Microsoft.

Q - Phil Winslow {BIO 6300579 <GO>}

All right, let's go back to Windows now that we touched phone and Xbox. But one of the things that people look at often is just the size of the application ecosystem tied to a platform for the success. How many in the app stores that are -- how do we think about where you guys stand right now with Windows 8 in particular and then also Windows Phone? Then what are the goals of the milestones you want to see to say okay, look, this is being accepted by the application developer community. It is a vibrant ecosystem.

A - Terry Myerson {BIO 17496274 <GO>}

Windows 8 runs over 1 million Windows desktop applications today and so we start with a notion of people are buying these Windows PCs. They are happy with these Windows PCs because it runs so many of the things they expect to run on a

Windows PC. Then we have the new applications that people are writing and there I think we have not done the work to aggregate the scale of Microsoft well. That's to me the biggest opportunity with this new operating system is to bring all of our devices together so that users can target all of them and there's tremendous opportunity there for us to do good work to enable our developers to do good work and it's just a big focus.

Q - Phil Winslow {BIO 6300579 <GO>}

I'm going to ask one more question and then I'm going to open it up to the audience and then I've got a few more here if there are no questions from the audience. But one of the things that resonated from what you are saying here is that enterprise and consumer, that's a question I get a lot about Microsoft is can any company sort of effectively do both in one platform? So how do you respond to that?

A - Terry Myerson {BIO 17496274 <GO>}

Well I think the answer is yes.

Q - Phil Winslow {BIO 6300579 <GO>}

Hopefully. And why is the next question.

A - Terry Myerson {BIO 17496274 <GO>}

As I just think about -- it's what the customer demands. If you look at what the customer is asking for from their products or what I want my products, I want -- there's going to be a set of devices in my life. I'm going to have a phone, I'm going to have a tablet, I'm going to have a PC. And going to have a TV. I'm going to have other devices and I'm going to use these devices as one person. I'm going to use those devices during my day at work and I'm going to use those devices when I'm at home.

And so we get focused on what -- we listen to customers. We respond to customers -- what they want. We focus on the differentiation we can bring the customers on each of those devices and this is what customers are looking for, what they need. And so this is what we are going to do.

Q - Phil Winslow {BIO 6300579 <GO>}

On it. I will pause for a moment. I think there's a question up here in the front but also just raise your hand. So one in the front and then if we could also get a microphone in the back there ready for the second question.

Q - Unidentified Participant

Terry. Good morning. Thanks, Phil. A couple of two questions. One has to do with the number of new devices that you were talking with the Dell device, two in ones, tablets coming. What is exactly the consumer value proposition? There are a lot of price points coming out. There are a lot of devices coming out. I walked into Best

Buy, walked through and said wow, there's a lot. But I didn't really -- it was more confusion than it was clarity.

So what exactly is the consumer value proposition of these new devices and how are you communicating that? Because if it's all hinged upon Windows, as a consumer, there's not a lot on Windows that I really want to do on a smaller device that's a mobile device. So I just wanted to ask that to get I guess overall the context.

So basically it is what's the value proposition on these new devices and why should Windows 8 or Windows mobile -- sorry, why should Windows mobile really be predicated on success with Windows because I feel like they are different experiences.

A - Terry Myerson {BIO 17496274 <GO>}

Well there's a couple questions in there. Who are our customers? Our customers, who are the people that feel affinity to the Windows brand? Who are the people that feel trust and (inaudible)? There's 1 billion people or more that feel trust and affinity with the Windows brand. Windows helps them in their lives to be more productive. That is the anchor. We're not talking about embedded industrial devices now, we're talking about a consumer. So you start there and say those are the people that we start with in terms of offering them new device categories.

I think we talked about Xbox a few minutes ago. One of the things -- one of the reasons I'm so excited about the Xbox platform being part of Microsoft is it does bring tremendous entertainment assets, has allowed tremendous entertainment assets to be developed within the Company and so I think we not only do some good work to leverage all those entertainment assets across more screens but it will be a critical part of our strategy in terms of differentiating us across all device categories.

So it's not so much that a Windows laptop will be used at the same time with every Windows Phone. It's a notion that you do start as you move into new adjacent markets or new adjacent devices categories, you are going to look at and say who are your current customers today and how can we extend our delight of those customers or extend our business with those customers?

And phones is a different market than tablets. But I do think that the individual that uses a laptop is also interested in a phone. The individual that uses a tablet is also interested in a PC. So that's the thesis about it all working together as one device family.

Q - Unidentified Participant

What is that as a consumer, just what is exactly is that value proposition that's going to push me -- again what I have in Windows and what I have with my PC is what I've had for a while, I've had it in a work environment. It was my introduction to computing. But it seems like the market is going past that. How do you get the thought -- how do you get the consumers back into Windows? What's the value

proposition you are trying to create in the cloud for the consumer that's going to draw them?

When you made the comment that Windows should be the driver for Windows mobile that confused me because it's a little bit backwards looking from how I see it but maybe I don't understand the vision.

A - Terry Myerson {BIO 17496274 <GO>}

I think I start with the customer base of Windows is that we are Microsoft. We are not -- we have built off of what the great technology assets and customer base that we have today to delight the customers we have more in new ways and serve them in more parts of their lives. That is the core of the strategy of what we do.

Q - Unidentified Participant

A question on -- I guess there are some people that believe that Windows, the operating system business, Windows in particular is bloated and operating expense should be cut drastically and that the days of selling and operating system in the mobile phone space or the tablet space are just over because that's been obviated by your competitors. So how do you respond to that, number one?

Number two, that could be a particularly large source of cost savings for Microsoft.

Number two, given the new structure of the organization, how possible is it to actually just take down the investment in consumer operating systems and we are building operating systems for consumers that you plan to actually sell for a license? Thanks.

A - Terry Myerson {BIO 17496274 <GO>}

So we invest in the operating -- I think you have to separate the investments we make in terms of the experience we want to deliver for both consumer and enterprises from the -- separate out the financials. There is a level of -- there's innovations we can deliver and customer delight we can deliver when we are investing in the whole stack from the operating system through the applications to the cloud. And so everything we do pivots off of delighting the customer, satisfying the customers, delivering new value propositions to the customer.

So we can maximize that customer impact when we are working with a customer at all layers of the stack. You start with that notion. If all you are doing is investing in one layer, the stack, you are constrained with what you can do for the customer.

Now in terms of how we allocate our R&D resources or partition them across different layers of the stack, that's an allocation decision that Steve has made over time and certainly bringing things together in the way they are now gives us a new -- a different form of transparency on how we are allocating resources. So it's always a discussion we are having about how to deliver the highest return from our investments. But from an innovation or customer delight perspective, I think

everyone involved can point to -- take our enterprise customers, the ability to invest in security and management at the steepest layers of the stack does differentiate us today with many, many customers. Does monetization change over time when we delight the customer in that way? I don't know.

But you've got to start with the innovation thesis. You've got to start with how you satisfy and differentiation, how you differentiate to the customer and the operating system that Microsoft delivers today is fundamental to all of that differentiation we deliver, whether it is at a productivity desktop in the enterprise or a game console in the living room.

Q - Unidentified Participant

I know we are running out of time so just one quick question was Apple recently introduced its operating system and all of its updates are going to be free. How does that change your pricing strategy with Microsoft in the future?

A - Terry Myerson {BIO 17496274 <GO>}

As I understand Apple's announcement, they announced that upgrades to an already purchased Apple product of the operating system would be free. Windows 8.1 is a free upgrade to Windows 8. And so --.

Well I did not say Windows will be free. We're going to keep the SOA intact here. (multiple speakers) I said Windows 8.1 is a free upgrade to Windows 8. (multiple speakers) And it's just something that not to be too repetitive but satisfying our customers -- delighting our customers and aggregating the scale of our platform is a big focus.

Q - Phil Winslow {BIO 6300579 <GO>}

There's time for a couple more questions if they are some from the audience still.

Q - Unidentified Participant

So you've got a pretty diverse set of responsibilities. Can you just talk about what your financial incentives are?

A - Terry Myerson {BIO 17496274 <GO>}

Personally?

Q - Unidentified Participant

Well yes.

A - Terry Myerson {BIO 17496274 <GO>}

You're getting good. I think the Company publishes -- I am not an Executive Officer of Microsoft so I think what the Company publishes is what they publish.

Q - Unidentified Participant

So just broadly I mean the question -- it's really interesting to delight customers with the Xbox and things like that. But are you -- how do you think about revenue and profit? There's been a lot of questions about that and it would be great if you guys could be dominant in Windows Phone but the reality is it's a fraction of what the opportunity is in business operating systems. So how do you think about again kind of devoting your resources relative to what the proffer pools are?

A - Terry Myerson {BIO 17496274 <GO>}

Well there's three dimensions of what we focused on. They really -- there is customer satisfaction, scale and the financial mix, the financial return. They really do -- the three of these things do work synergistically together over the long-term. The more customer satisfaction we drive, that does help drive scale. Scale helps drive longitivity of the platform and our opportunity to get value from our customer.

So we really focus on all three and in this audience, it seems completely reasonable to me that the folks who want to be on the financial return but certainly in terms of leading the operating systems from Microsoft, all three have to be top of mind at all times -- customer satisfaction, scale. And financial return.

And in the enterprise space, we get value differently than in the consumer space and there's different macro trends going on in each but -- and customer satisfaction is looked at differently in each. But focus on all three of those dimensions. My team, my leadership team, our discussions with the Microsoft leadership team, we really do look at customer satisfaction, scale. And the financial return.

Q - Phil Winslow {BIO 6300579 <GO>}

We use the safe word mistletoe on your pay plan. You won't have to answer that. Actually one last question for me as we just have a couple minutes left here. But obviously you have been tremendously successful with Windows 7; 75% of enterprises are now -- the last time you reported on Windows 7. You've got the end of life of XP coming up in just a few months. One of the questions I get is how does the success of Windows 7 and enterprise impact the eventual adoption or not of Windows 8 in enterprise?

A - Terry Myerson {BIO 17496274 <GO>}

The large enterprise deployments take place in waves and the Windows 7 deployments that are completing now started a little while ago and we are having frankly some great discussions right now about enterprises moving to Windows 8 or 8.1 and adopting the benefits of Windows 8.1. Years from now we will be sitting on the stage hopefully talking about the deployments, the great deployments of Windows 8 point something, 8.1, 8.2. I don't know. I am not announcing a product release.

But through enterprise deployments or this gets back to the enterprise versus the consumer question, consumers are in this place where they expect the software to

just upgrade itself. Enterprises are not in that place. Enterprises want to think about these deployments as mission-critical infrastructure that they want to manage the rate of churn of and that is a way of doing business that we embrace and support for enterprise customers.

Q - Phil Winslow {BIO 6300579 <GO>}

Perfect. We are at the mark. So I appreciate your time, Terry, coming down. Like I said before, its executives like yourself that make this conference special. So thank you for coming down.