Microsoft to Give Vista Buyers Free Windows 7

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SEATTLE - Microsoft Corp. said Thursday that prices for the Windows 7 computer operating system are largely in line with those for Vista, and that people who buy PCs before the new system goes on sale in October will get free upgrades.

To drum up demand among people who aren't in the market for a new PC, Microsoft also said it is taking limited pre-orders for Windows 7, selling some for as little as $50.

People who buy Windows Vista Home Premium, Business or Ultimate computers starting Friday can contact their manufacturer for a free upgrade when Windows 7 becomes available on Oct. 22.

As a result, Microsoft said it will defer recognition of an expected $200 million to $300 million in Windows revenue until later quarters.

The Redmond, Wash.-based software maker said it will cost people $120 to upgrade their existing machines to the Windows 7 Home Premium version, $10 less than the comparable Windows Vista package. Upgrades to the Professional and Ultimate versions will cost $200 and $220 respectively, the same as Vista.

The cost is identical regardless of whether the upgraded machine was running Windows XP or Windows Vista.

Versions meant to be installed from scratch on a computer will cost $200, $300 and $320 for Home Premium, Professional and Ultimate.

By comparison, Apple Inc. said in early June that upgrades to its newest operating system, called Mac OS X Snow Leopard, will cost $30.

For customers buying new machines, the cost of the Windows software is typically included in the purchase price. The prices announced Thursday are for people who buy Windows separately or upgrade from older versions.

Microsoft is hoping Windows 7's debut will be much smoother than Vista's. The current operating system was plagued by delays; when it finally launched in January 2007, many people complained it was sluggish and didn't work with existing devices and programs.

This time, to goose early sales and build buzz, Microsoft is cutting the price by about half for people who pre-order upgrade software for Home Premium ($50) and Professional ($100).

The sale will start Friday in the U.S., Canada and Japan, and on July 15 in the U.K., France and Germany. It will last for about two weeks, or as long as allotted copies of the software last.

People can buy the software on Microsoft's download site or at retailers including Best Buy Co. Inc., which said it is limiting sales to three per customer.

Microsoft would not say how much it will cost to upgrade from a lesser version of Windows 7 to a more robust one. The company also declined to say what effect Windows 7 prices will have on netbooks, a popular category of small, inexpensive laptops. The low prices are possible in part because they run the older, cheaper Windows XP.

Microsoft said this month it is making a version of Windows for Europe that does not come with Internet Explorer, its Web browser, in an attempt to ward off sanctions from antitrust regulators there.

Brad Brooks, a corporate vice president for Windows marketing, said Microsoft hasn't had time to polish upgrade software for Europe, so it plans to sell the full version of Windows 7 to European Union consumers at upgrade prices at least through December.

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