How to setup JAVA Path in Windows Environment

Right click My Computer on Desktop -> select Properties -> click Advance tap -> select Environment Variables button.

On system variables session, click New button to create a JAVA_HOME variable, the value is the location which you install the java, such as c:\program files\java\jdk1.5.0

Modify the system path variable. Add JAVA_HOME variable in the end of line, such as ;%JAVA_HOME%\bin. Remember add bin directory.
Create a classpath: add the line `; %JAVA_HOME%\jre\lib\rt.java;` as variable value.