

MICROSTRATEGY INC
Form PRE 14A
June 19, 2002

**SCHEDULE 14A INFORMATION
(RULE 14A-101)
INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement Confidential, for Use of the Commission Only
(as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

MICROSTRATEGY INCORPORATED
(Name of Registrant as Specified In Its Charter)

n/a

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
- 1) Title of each class of securities to which transaction applies:
 - 2) Aggregate number of securities to which transaction applies:
 - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
 - 4) Proposed maximum aggregate value of transaction:
 - 5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- 1) Amount Previously Paid:
 - 2) Form, Schedule or Registration Statement No.:
 - 3) Filing Party:
 - 4) Date Filed:

July , 2002

Dear MicroStrategy Stockholder:

You are cordially invited to our 2002 Annual Meeting of Stockholders on Tuesday, July 23, 2002, beginning at 9:00 a.m., local time, at the Marriott Dulles Airport, 45020 Aviation Drive, Dulles, Virginia 20166. The enclosed notice of annual meeting sets forth the matters that will be presented at the meeting, which are described in more detail in the enclosed proxy statement. The Board of Directors recommends that stockholders vote FOR these proposals.

We look forward to seeing you there.

Very truly yours,
Michael J. Saylor
*Chairman of the Board and
Chief Executive Officer*

**1861 International Drive
McLean, Virginia 22102**

**Notice of Annual Meeting of Stockholders to
be held on Tuesday, July 23, 2002**

The Annual Meeting of Stockholders (the Annual Meeting) of MicroStrategy Incorporated, a Delaware corporation (the Company), will be held at the Marriott Dulles Airport, 45020 Aviation Drive, Dulles, Virginia 20166, on Tuesday, July 23, 2002 at 9:00 a.m., local time, to consider and act upon the following matters:

1. To elect eight (8) directors for the next year;
2. To authorize the board of directors, in its discretion, to amend the Company's Amended and Restated Certificate of Incorporation, as amended, to effect a one-for-two reverse split of the Company's issued and outstanding shares of class A common stock and class B common stock without further approval or authorization of the Company's stockholders;
3. To authorize the board of directors, in its discretion, to amend the Company's Amended and Restated Certificate of Incorporation, as amended, to effect a one-for-three reverse split of the Company's issued and outstanding shares of class A common stock and class B common stock without further approval or authorization of the Company's stockholders;
4. To authorize the board of directors, in its discretion, to amend the Company's Amended and Restated Certificate of Incorporation, as amended, to effect a one-for-four reverse split of the Company's issued and outstanding shares of class A common stock and class B common stock without further approval or authorization of the Company's stockholders;
5. To authorize the board of directors, in its discretion, to amend the Company's Amended and Restated Certificate of Incorporation, as amended, to effect a one-for-five reverse split of the Company's issued and outstanding shares of class A common stock and class B common stock without further approval or authorization of the Company's stockholders;
6. To authorize the board of directors, in its discretion, to amend the Company's Amended and Restated Certificate of Incorporation, as amended, to effect a one-for-six reverse split of the Company's issued and outstanding shares of class A common stock and class B common stock without further approval or authorization of the Company's stockholders;
7. To authorize the board of directors, in its discretion, to amend the Company's Amended and Restated Certificate of Incorporation, as amended, to effect a one-for-seven reverse split of the Company's issued and outstanding shares of class A common stock and class B common stock without further approval or authorization of the Company's stockholders;
8. To authorize the board of directors, in its discretion, to amend the Company's Amended and Restated Certificate of Incorporation, as amended, to effect a one-for-eight reverse split of the Company's issued and outstanding shares of class A common stock and class B common stock without further approval or authorization of the Company's stockholders;
9. To authorize the board of directors, in its discretion, to amend the Company's Amended and Restated Certificate of Incorporation, as amended, to effect a one-for-nine reverse split of the Company's issued and outstanding shares of class A common stock and class B common stock without further approval or authorization of the Company's stockholders;

10. To authorize the board of directors, in its discretion, to amend the Company's Amended and Restated Certificate of Incorporation, as amended, to effect a one-for-ten reverse split of the Company's issued and outstanding shares of class A common stock and class B common stock without further approval or authorization of the Company's stockholders;
11. To ratify the selection of PricewaterhouseCoopers LLP as the Company's independent auditors for the current fiscal year; and
12. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

Stockholders of record at the close of business on May 27, 2002 will be entitled to notice of and to vote at the Annual Meeting or any adjournment thereof. The stock transfer books of the Company will remain open.

By Order of the Board of Directors,
Sanju K. Bansal,
*Vice Chairman, Executive Vice President,
Chief Operating Officer and Secretary*

McLean, Virginia
July , 2002

A STOCKHOLDER MAY OBTAIN AN ADMISSION TICKET TO THE MEETING BY IDENTIFYING HIMSELF OR HERSELF AT THE MEETING AS A STOCKHOLDER AS OF THE RECORD DATE. FOR A RECORD OWNER, POSSESSION OF A PROXY CARD WILL BE ADEQUATE IDENTIFICATION. FOR A BENEFICIAL-BUT-NOT-OF-RECORD OWNER, A COPY OF A BROKER'S STATEMENT SHOWING SHARES HELD FOR HIS OR HER BENEFIT ON MAY 27, 2002 WILL BE ADEQUATE IDENTIFICATION.

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY AND MAIL IT PROMPTLY IN THE ENCLOSED ENVELOPE IN ORDER TO ENSURE REPRESENTATION OF YOUR SHARES AT THE ANNUAL MEETING. NO POSTAGE NEED BE AFFIXED IF THE PROXY IS MAILED IN THE UNITED STATES.

MICROSTRATEGY INCORPORATED
1861 International Drive
McLean, Virginia 22102

Proxy Statement for the Annual Meeting of Stockholders
to be held on Tuesday, July 23, 2002

This Proxy Statement is furnished in connection with the solicitation of proxies by the board of directors of MicroStrategy Incorporated (the Company or MicroStrategy) for use at the Annual Meeting of Stockholders (the Annual Meeting) to be held on Tuesday, July 23, 2002 at the Marriott Dulles Airport, 45020 Aviation Drive, Dulles, Virginia 20166 at 9:00 a.m., local time, and at any adjournment of the Annual Meeting. All executed proxies will be voted in accordance with the stockholders' instructions, and if no choice is specified, executed proxies will be voted in favor of the matters set forth in the accompanying Notice of Annual Meeting of Stockholders. Any proxy may be revoked by a stockholder at any time before its exercise by delivery of written revocation or a subsequently dated proxy to the Secretary of the Company or by voting in person at the Annual Meeting.

On May 27, 2002, the record date for the determination of stockholders entitled to vote at the Annual Meeting, there were outstanding and entitled to vote an aggregate of 47,301,945 shares of our class A common stock, par value \$0.001 per share, and an aggregate of 46,431,368 shares of our class B common stock, par value \$0.001 per share (the class A common stock and the class B common stock are collectively referred to as the Common Stock). Each share of class A common stock entitles the record holder thereof to one vote on each of the matters to be voted on at the Annual Meeting and each share of class B common stock entitles the record holder thereof to ten votes on each of the matters to be voted on at the Annual Meeting.

The Company's Annual Report to Stockholders for the fiscal year ended December 31, 2001 (Fiscal Year 2001) is being mailed to stockholders, along with these proxy materials, on or about July , 2002.

Votes Required

The holders of a majority of the votes entitled to be cast by the shares of Common Stock outstanding and entitled to vote at the Annual Meeting shall constitute a quorum for the transaction of business at the Annual Meeting. Shares of Common Stock represented in person or by proxy (including shares which abstain or do not vote with respect to one or more of the matters presented for stockholder approval) will be counted for purposes of determining whether a quorum is present at the Annual Meeting.

The affirmative vote of the holders of a plurality of the votes cast by the holders of Common Stock voting on the matter is required for the election of directors. The affirmative vote of a majority of the votes cast by the holders of Common Stock voting on the matter is required for ratification of the selection of PricewaterhouseCoopers LLP as our independent auditors for the current fiscal year. The affirmative vote of the holders of a majority of the votes entitled to be cast by the shares of Common Stock outstanding and entitled to vote at the Annual Meeting is required to authorize the board of directors, in its discretion, to amend our Amended and Restated Certificate of Incorporation, as amended, to effect a one-for-two, one-for-three, one-for-four, one-for-five, one-for-six, one-for-seven, one-for-eight, one-for-nine or one-for ten reverse split of the issued and outstanding shares of class A common stock and class B common stock.

Shares which abstain from voting as to a particular matter, and shares held in street name by brokers or nominees who indicate on their proxies that they do not have discretionary authority to vote such shares as to a particular matter, will not be counted as votes in favor of such matter, and will also not be counted as shares voting on such matter. Accordingly, abstentions and broker non-votes will have no effect on the voting on the election of directors or the ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent auditors for the current fiscal year. Abstentions and broker non-votes, however, will have the effect of a negative vote with respect to the proposal to authorize the board of directors, in its discretion, to amend our Amended and Restated Certificate of Incorporation, as amended, to effect one-for-two, one-for-three, one-for-four, one-for-five, one-for-six, one-for-seven, one-for-eight, one-for-nine or one-for ten reverse split of the issued and outstanding shares of class A common stock and class B common stock, because approval of this proposal requires the affirmative vote of the holders of a majority of the votes entitled to be cast by the shares of Common Stock outstanding and entitled to vote at the Annual Meeting.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of April 30, 2002 unless otherwise indicated, the beneficial ownership of the Common Stock, by (i) each person known by us to beneficially own more than 5% of any class of Common Stock, (ii) each director or nominee for director, (iii) each of the executive officers named in the Summary Compensation Table set forth under the caption Executive Compensation below, and (iv) all directors and executive officers as a group:

Beneficial Owner(1)	Number of Shares Beneficially Owned(2)(3)	Percentage of Shares Outstanding(3)(4)
Michael J. Saylor(5)	37,531,655	40.2
Sanju K. Bansal(6)	8,374,495	9.0
Eric F. Brown(7)	262,500	*
Jonathan F. Klein(8)	148,794	*
Jeffrey A. Bedell(9)	241,251	*
Eduardo S. Sanchez(10)	1,035,145	1.1
F. David Fowler(11)	50,000	*
Jonathan J. Ledecy(12)	124,000	*
Jay H. Nussbaum(13)	0	*
Stuart B. Ross(14)	50,000	*
John W. Sidgmore(15)	101,000	*
Ralph S. Terkowitz(16)	106,000	*
Angelo, Gordon & Co., L.P.(17)	2,804,782	3.0
Citadel Limited Partnership(18)	5,159,301	5.3
HFTP Investment, L.L.C.(19)	2,532,336	2.7
Weiss, Peck & Greer L.L.C.(20)	3,576,200	3.8
All directors and executive officers as a group (12 persons)(21)	48,024,840	50.7

* Less than 1%

- (1) Each person named in the table above (except as otherwise indicated in the footnotes below) has an address in care of MicroStrategy Incorporated, 1861 International Drive, McLean, Virginia 22102.
- (2) The shares of the Company listed in this table include shares of class A common stock and class B common stock, as set forth in the footnotes to this table.
- (3) The inclusion of any shares of Common Stock deemed beneficially owned does not constitute an admission of beneficial ownership of those shares. In accordance with the rules of the SEC, each stockholder is deemed to beneficially own any shares subject to stock options that are currently exercisable or exercisable within 60 days after April 30, 2002 and any shares that are currently issuable upon conversion of convertible securities or are issuable upon conversion of convertible securities within 60 days after April 30, 2002. Any reference below to shares subject to outstanding stock options or issuable upon conversion of convertible securities held by the person in question refers only to such stock options or convertible securities. Under the certificate of designations for each series of our preferred stock, no holder of such preferred stock may convert such preferred stock into shares of class A common stock to the extent such conversion would cause such stockholder, together with its affiliates, to have acquired a number of shares of class A common stock during the 60-day period ending on the date of conversion which, when added to the number of shares of class A common stock held at the beginning of such 60-day period, would exceed 9.99% of our then outstanding class A common stock, excluding for purposes of such determination shares of class A common stock issuable upon conversion of the preferred shares which have not been converted. The number of shares beneficially owned and the percentage of shares outstanding reflect this limitation.
- (4) Percentages in the table have been calculated based on the aggregate number of shares of class A common stock and class B common stock outstanding or deemed outstanding as of April 30, 2002. As of April 30, 2002, 47,042,399 shares of class A common stock and 46,431,368 shares of class B common stock were outstanding. In addition, for the purpose of calculating each person's percentage of shares outstanding, any

- shares of Common Stock (i) subject to outstanding stock options held by such person exercisable within 60 days after April 30, 2002, or (ii) issuable upon conversion of preferred stock held by such person within 60 days after April 30, 2002, are deemed outstanding.
- (5) Mr. Saylor's holdings of Common Stock consist of 37,090,235 shares of class B common stock held beneficially by Mr. Saylor as a result of his beneficial ownership in Alcantara LLC (approximately 79.9% of the class B common stock outstanding), 128,820 shares of class A common stock held beneficially by Mr. Saylor as a result of his beneficial ownership in Alcantara LLC and 312,600 shares of class A common stock held beneficially by Mr. Saylor in a foundation (an aggregate of approximately 0.9% of the class A common stock outstanding).
 - (6) Mr. Bansal's holdings of Common Stock consist of 6,690,873 shares of class B common stock held beneficially by Mr. Bansal as a result of his beneficial ownership in Shangri-La LLC, 383,046 shares of class B common stock held in trust, 23,576 shares of class B common stock held in his own name (an aggregate of approximately 15.3% of the class B common stock outstanding), 719,000 shares of class A common stock held beneficially by Mr. Bansal as a result of his beneficial ownership in Shangri-La LLC, 500,000 shares of class A common stock held in trust and 58,000 shares of class A common stock held beneficially by Mr. Bansal in a foundation (an aggregate of approximately 2.7% of the class A common stock outstanding).
 - (7) Mr. Brown's holdings of Common Stock consist of options exercisable within 60 days after April 30, 2002 for 262,500 shares of class A common stock.
 - (8) Mr. Klein's holdings of Common Stock consist of 42,646 shares of class A common stock and options exercisable within 60 days after April 30, 2002 for 106,148 shares of class A common stock.
 - (9) Mr. Bedell's holdings of Common Stock consist of 81,966 shares of class A common stock and options exercisable within 60 days after April 30, 2002 for 159,285 shares of class A common stock.
 - (10) Mr. Sanchez's holdings of Common Stock consist of 19,429 shares of class A common stock (approximately 0.7% of the class A common stock outstanding), 724,816 shares of class B common stock (approximately 1.6% of the class B common stock outstanding) and options exercisable within 60 days after April 30, 2002 for 290,900 shares of class A common stock.
 - (11) Mr. Fowler's holdings of Common Stock consist of options exercisable within 60 days after April 30, 2002 for 50,000 shares of class A common stock.
 - (12) Mr. Ledecy's holdings of Common Stock consist of 2,000 shares of class A common stock and options exercisable within 60 days after April 30, 2002 for 122,000 shares of class A common stock.
 - (13) Mr. Nussbaum was elected as a director on January 21, 2002.
 - (14) Mr. Ross's holdings of Common Stock consist of options exercisable within 60 days after April 30, 2002 for 50,000 shares of class A common stock.
 - (15) Mr. Sidgmore's holdings of Common Stock consist of options exercisable within 60 days after April 30, 2002 for 101,000 shares of class A common stock.
 - (16) Mr. Terkowitz's holdings of Common Stock consist of 2,000 shares of class A common stock held beneficially by Mr. Terkowitz in trust and options exercisable within 60 days after April 30, 2002 for 104,000 shares of class A common stock.
 - (17) Angelo, Gordon & Co., L.P. is a general partner of Leonardo, L.P. and consequently has voting control and investment discretion over securities held by Leonardo, L.P. Angelo Gordon disclaims beneficial ownership of the shares held by Leonardo, L.P. Mr. John M. Angelo, the chief executive officer of Angelo Gordon, and Mr. Michael L. Gordon, the chief operating officer of Angelo Gordon, are the sole general partners of AG Partners, L.P., the sole general partner of Angelo Gordon. As a result, Mr. Angelo and Mr. Gordon may be considered beneficial owners of any shares deemed to be beneficially owned by Angelo Gordon. Leonardo, L.P. is not a registered broker-dealer. Leonardo, L.P., however, is under common control with, and therefore an affiliate of, a registered broker-dealer. The shares beneficially held by such entities and individuals consist of 1,169,353 shares of class A common stock, 954,000 shares of class A common stock immediately acquirable upon conversion of 1,192.5 shares of series B convertible preferred stock and 681,429 shares of class A common stock immediately acquirable upon conversion of 1,192.5 shares of series C convertible preferred stock (an aggregate of approximately 5.8% of the class A common stock outstanding as of April 30, 2002). The address of Leonardo, L.P., Angelo Gordon and Messrs. Angelo and Gordon is 245 Park Avenue, 26th Floor, New York, New York 10167.

- (18) The number of shares of Common Stock beneficially owned by Citadel Limited Partnership includes shares beneficially owned by affiliates GLB Partners, L.P., Citadel Investment Group, L.L.C., Kenneth Griffin, Wellington Partners Limited Partnership, Wingate Capital Ltd., Kensington Global Strategies Fund, Ltd., Fisher Capital Ltd., Citadel Trading Group, L.L.C. and Aragon Investments, Ltd. The shares beneficially held by such entities and individual consist of 582,876 shares of class A common stock, 1,272,000 shares of class A common stock immediately acquirable upon conversion of 1,590 shares of series B convertible preferred stock, 402,225 shares of class A common stock immediately acquirable upon conversion of 1,590 shares of series C convertible preferred stock (due to the limitation on conversion of such shares to the extent such conversion would cause a stockholder to hold in excess of 9.99% of the shares of class A common stock then outstanding described in footnote (3)) and 2,902,200 shares of class A common stock immediately acquirable upon conversion of 1,451.1 shares of series D convertible preferred stock (an aggregate of approximately 9.99% of the class A common stock outstanding as of April 30, 2002). The address of Citadel Investment Group, L.L.C. is 225 W. Washington, 9th Floor, Chicago, Illinois 60606.
- (19) Information regarding the number of shares of Common Stock beneficially owned by HFTP Investment, L.L.C. includes shares beneficially owned by affiliates of Promethean Asset Management, L.L.C., James F. O'Brien, Jr., Promethean Investment Group, L.L.C., HFTP Managers LLC, Heracles Fund, Promethean Managers LLC, Themis Managers LLC and Themis Partners, L.P., and is based on the most recent Schedule 13G of such entities and individual received by us, which reported such ownership as of December 31, 2001. The shares beneficially held by such entities and individual consist of 2,108,336 shares of class A common stock immediately acquirable upon conversion of 650 shares of series A convertible preferred stock and 424,000 shares of class A common stock immediately acquirable upon conversion of 530 shares of series B convertible preferred stock (an aggregate of approximately 5.5% of the class A common stock outstanding as of December 31, 2001). The address of HFTP Investment, L.L.C. is 750 Lexington Avenue, 22nd Floor, New York, New York 10022.
- (20) All shares beneficially held by Weiss, Peck & Greer L.L.C. consist of class A common stock (approximately 7.6% of the class A common stock outstanding as of April 30, 2002) held by Weiss, Peck & Greer L.L.C. in discretionary accounts for certain clients. Weiss, Peck & Greer L.L.C. expressly disclaims beneficial ownership of such shares. The address of Weiss, Peck & Greer L.L.C. is One New York Plaza, New York, New York 10004.
- (21) Shares held by the directors and executive officers as a group include options to purchase an aggregate of 1,245,833 shares of class A common stock that are exercisable within 60 days after April 30, 2002.

Executive Officers of the Company

The Company's executive officers and their ages and positions as of April 30, 2002 are as follows:

<u>Name</u>	<u>Age</u>	<u>Title</u>
Michael J. Saylor	37	Chairman and Chief Executive Officer
Sanju K. Bansal	36	Vice Chairman, Executive Vice President and Chief Operating Officer
Eric F. Brown	36	President and Chief Financial Officer
Jonathan F. Klein	35	Vice President, Law and General Counsel
Jeffrey A. Bedell	33	Vice President, Technology and Chief Technology Officer
Eduardo S. Sanchez	45	Vice President, Worldwide Sales and Services

Set forth below is certain information regarding the professional experience of each of the above-named persons.

Michael J. Saylor has served as chief executive officer and chairman of the board of directors since founding MicroStrategy in November 1989, and as president from November 1989 to November 2000. Prior to that, Mr. Saylor was employed by E.I. du Pont de Nemours & Company as a Venture Manager from 1988 to 1989 and by Federal Group, Inc. as a consultant from 1987 to 1988. Mr. Saylor received an S.B. in Aeronautics and Astronautics and an S.B. in Science, Technology and Society from the Massachusetts Institute of Technology.

Sanju K. Bansal has served as executive vice president and chief operating officer since 1993 and was previously vice president, consulting since joining MicroStrategy in 1990. He has been a member of the board of directors of MicroStrategy since September 1997 and has served as vice chairman since November 2000. Prior to joining MicroStrategy, Mr. Bansal was a consultant at Booz Allen & Hamilton, a worldwide technical and management-consulting firm, from 1987 to 1990. Mr. Bansal received an S.B. in Electrical Engineering from the Massachusetts Institute of Technology and an M.S. in Computer Science from The Johns Hopkins University.

Eric F. Brown has served as president and chief financial officer since November 2000. Mr. Brown originally joined the Company in February 2000 as chief financial officer of Strategy.com, a business unit of the Company at the time. Prior to that, Mr. Brown served as division chief financial officer and then chief operating officer of Electronic Arts from October 1998 until February 2000. Prior to that, Mr. Brown was co-founder and chief financial officer of DataSage, Inc. from 1995 until October 1998. Mr. Brown also held several senior financial positions with Grand Metropolitan from 1990 until 1995. Mr. Brown received his M.B.A. from the Sloan School of Management of Massachusetts Institute of Technology and a B.S. in Chemistry from the Massachusetts Institute of Technology.

Jonathan F. Klein has served as vice president, law and general counsel since November 1998 and as corporate counsel from June 1997 to November 1998. From September 1993 to June 1997, Mr. Klein was an appellate litigator with the United States Department of Justice. Mr. Klein received a B.A. in Economics from Amherst College and a J.D. from Harvard Law School.

Jeffrey A. Bedell has served as vice president, technology and chief technology officer since April 2001, as vice president, platform technology from 1999 to 2001, and as senior program manager and director of technology programs from 1992 to 1999. Mr. Bedell received a B.A. in Religion from Dartmouth College.

Eduardo S. Sanchez has served as vice president, worldwide sales and services since April 2001, as vice president, worldwide sales from 2000 to 2001, as vice president, international operations from 1998 to 2000, as vice president, European operations from 1996 to 1998, as managing director, European operations from 1994 to 1996, and as consulting manager, US operations from 1992 to 1994. Mr. Sanchez received a bachelor's degree in Electrical Engineering from the University of LaPlata in Argentina and a master's degree in Systems Engineering from George Mason University. Prior to joining MicroStrategy, Mr. Sanchez worked as a consultant in Europe, the United States, South America and Japan, developing and deploying large-scale optimization systems for the manufacturing and power utility sector. In this capacity, he was engaged in significant projects with companies such as Mitsubishi, Groupe Saint Gobain, ABB, Siemens and Xerox.

PROPOSAL 1

ELECTION OF DIRECTORS

The persons named in the enclosed proxy will vote to elect as directors the eight nominees named below, all of whom are presently directors of the Company, unless authority to vote for the election of any or all of the nominees is withheld by marking the proxy to that effect. All of the nominees have indicated their willingness to serve, if elected, but if any should be unable or unwilling to serve, proxies may be voted for a substitute nominee designated by the board of directors. Each director will be elected to hold office until the next annual meeting of stockholders (subject to the election and qualification of his successor or to his earlier death, resignation or removal).

Nominees

Set forth below, for each nominee, are his name and age, his positions with the Company, his principal occupation and business experience during at least the past five years and the year of the commencement of his term as a director of the Company:

Michael J. Saylor (37) has served as chief executive officer and chairman of the board of directors since founding MicroStrategy in November 1989, and as president from November 1989 to November 2000. Prior to that, Mr. Saylor was employed by E.I. du Pont de Nemours & Company as a Venture Manager from 1988 to 1989 and by Federal Group, Inc. as a consultant from 1987 to 1988. Mr. Saylor received an S.B. in Aeronautics and Astronautics and an S.B. in Science, Technology and Society from the Massachusetts Institute of Technology.

Sanju K. Bansal (36) has served as executive vice president and chief operating officer since 1993 and was previously vice president, consulting since joining MicroStrategy in 1990. He has been a member of the board of directors of MicroStrategy since September 1997 and has served as vice chairman since November 2000. Prior to joining MicroStrategy, Mr. Bansal was a consultant at Booz Allen & Hamilton, a worldwide technical and management-consulting firm, from 1987 to 1990. Mr. Bansal received an S.B. in Electrical Engineering from the Massachusetts Institute of Technology and an M.S. in Computer Science from The Johns Hopkins University.

F. David Fowler (68) has been a member of the board of directors of MicroStrategy since June 2001. Mr. Fowler was the dean of the School of Business and Public Management at The George Washington University from July 1992 until his retirement in June 1997 and a member of KPMG LLP from 1963 until his retirement in June 1992. As a member of KPMG, Mr. Fowler served as managing partner of the Washington, DC office from 1987 until 1992, as partner in charge of human resources for the firm in New York City, as a member of the firm's board of directors, operating committee and strategic planning committee and as chairman of the KPMG Foundation and the KPMG personnel committee. Mr. Fowler currently serves as a member of the board of directors for the FBR Mutual Funds located in Bethesda, Maryland. Mr. Fowler received a B.A./B.S. in Business from the University of Missouri at Columbia in 1955.

Jonathan J. Ledecy (44) has been a member of the board of directors of MicroStrategy since June 1998. Mr. Ledecy is currently chairman of The Ledecy Foundation, a non-profit philanthropic organization implementing educational programs for inner-city youth, a position he has held since January 1999. From July 1999 until June 2001, Mr. Ledecy served as vice chairman of Lincoln Holdings LLC, which owns the Washington Capitals, the Washington Wizards and the Washington Mystics sports teams. Mr. Ledecy founded U.S. Office Products Company in October 1994 and served as its chairman of the board and chief executive officer from inception through November 1997 and thereafter as a director until May 1998. In February 1997, Mr. Ledecy founded Building One Services Corp., now Encompass Services Corporation, and served as its chairman until February 2000 and chief executive officer until June 1999. Mr. Ledecy is also a director of publicly traded School Specialty, Inc. and a commissioner of the National Commission on Entrepreneurship.

Jay H. Nussbaum (58) has been a member of the board of directors of MicroStrategy since January 2002. Mr. Nussbaum is currently executive vice president for managed services of KPMG Consulting, a position he has held since January 2002. From February 1992 through December 2001, Mr. Nussbaum served as executive vice

president of Oracle Services Industries, an enterprise software company. Mr. Nussbaum is also a member of the board of directors of Northrop Grumman Corporation.

Stuart B. Ross (65) has been a member of the board of directors of MicroStrategy since June 2001. Mr. Ross held various positions with the Xerox Corporation from 1966 until December 1999, including corporate executive vice president, senior vice president of finance and chief financial officer, vice president/corporate controller and chairman and chief executive officer of Xerox Financial Services. Mr. Ross is currently a trustee for the Hansberger Institutional Series, a mutual fund, a member of the board of directors of The World Affairs Forum and a member of the International Executive Service Corporation Advisory Council. Mr. Ross received his B.S. in Accounting from New York University in 1958 and his M.B.A. from Bernard Baruch College of the City College of New York in 1966. Mr. Ross has been a C.P.A. in the State of New York since 1963.

John W. Sidgmore (51) has been a member of the board of directors of MicroStrategy since February 2000. Since April 2002, Mr. Sidgmore has been the president and chief executive officer of WorldCom, Inc., a provider of long distance, Internet and telecommunications services, where he served as vice chairman of the board of directors from December 1996 to April 2002. Since June 2001, Mr. Sidgmore also has been the chairman and chief executive officer of eCommerce Industries, Inc., a provider of information technology solutions to the office products industry and adjacent industries, including industrial paper and janitorial/sanitary products, computer consumables, and MRO and oilfield supplies. From December 1996 until September 1998, Mr. Sidgmore also served as chief operating officer of WorldCom. Mr. Sidgmore was the president and chief executive officer of UUNET Technologies, Inc., a provider of worldwide Internet services, from June 1994 until December 1996. Prior to joining UUNET, Mr. Sidgmore was president and chief executive officer of Intelicom Solutions, now CSC Intelicom, a telecommunications software company. Mr. Sidgmore is also a member of the board of directors of WorldCom and eCommerce Industries. Mr. Sidgmore received his B.A. in Economics from the State University of New York in 1973.

Ralph S. Terkowitz (51) has been a member of the board of directors of MicroStrategy since September 1997. Mr. Terkowitz is currently chief technology officer for The Washington Post Company, a position he has held since April 2001. From 1992 until April 2001, Mr. Terkowitz was vice president, technology for The Washington Post Company. Until February 1996, Mr. Terkowitz was chief executive officer, president and publisher of Digital Ink, an Internet publishing venture that launched, among other ventures, WashingtonPost.com and PoliticsNow. In 1998, he was co-chief executive officer of HireSystems and instrumental in the formation of BrassRing.com. Mr. Terkowitz is a director of BigStep and OutTask, Inc. Mr. Terkowitz received an A.B. in Chemistry from Cornell University and an M.S. in Chemical Physics from the University of California, Berkeley.

Involvement in Certain Legal Proceedings

On December 14, 2000, Mr. Saylor and Mr. Bansal each entered into a settlement with the SEC in connection with the restatement of our financial results for 1999, 1998 and 1997. In the settlement, each of Mr. Saylor and Mr. Bansal consented, without admitting or denying the allegations in the SEC's complaint, to the entry of a judgment enjoining him from violating the antifraud and recordkeeping provisions of the federal securities laws and ordering him to pay disgorgement and a civil penalty.

Board and Committee Meetings

The Company has a standing Audit Committee of the board of directors, which provides the opportunity for direct contact between our independent auditors and the board of directors. The Audit Committee met eleven times during Fiscal Year 2001. The Audit Committee is currently comprised of Messrs. Fowler, Ross and Terkowitz and, in Fiscal Year 2001 until June 2001, was comprised of Frank A. Ingari (a former director of the Company) and Mr. Terkowitz.

The Company has a standing Compensation Committee of the board of directors, which makes compensation decisions regarding our officers and provides recommendations to the board of directors regarding our compensation programs. The Compensation Committee acted solely by written actions in lieu of meetings during Fiscal Year 2001. The Compensation Committee is currently comprised of Messrs. Ross and Terkowitz and, in Fiscal Year 2001 until July 2001, was comprised of Messrs. Ingari and Terkowitz.

The board of directors met ten times during Fiscal Year 2001. Each director attended at least 75% of the aggregate of the number of board of directors meetings and the number of meetings held by all committees on which he then served, except Messrs. Leducky and Sidgmore who each attended 70% of such meetings.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, executive officers and holders of more than 10% of our class A common stock to file with the SEC initial reports of ownership of our class A common stock and other equity securities on a Form 3 and reports of changes in such ownership on a Form 4 or Form 5. Officers, directors and holders of 10% of our class A common stock are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. To our knowledge, based solely on a review of our records and representations made by our officers and directors regarding their filing obligations, all Section 16(a) filing requirements were satisfied with respect to Fiscal Year 2001.

Directors Compensation

Directors do not receive any fees or other cash compensation for serving on our board of directors or any committee thereof. Directors who are not employees of MicroStrategy or any subsidiary (Outside Directors) are entitled to receive options to purchase shares of class A common stock.

In Fiscal Year 2001, options for 515,000 shares of class A common stock were granted to Outside Directors under our Amended and Restated 1999 Stock Option Plan (1999 Stock Option Plan). Pursuant to this plan, (i) each Outside Director is granted an option to purchase 100,000 shares of class A common stock upon his or her initial election or appointment to the board of directors (First Options) and (ii) each Outside Director is granted an option to purchase 30,000 shares of class A common stock on the day immediately following each annual meeting of stockholders (Subsequent Options). Each option granted to an Outside Director under the 1999 Stock Option Plan has an exercise price equal to the last reported sale price of the class A common stock as reported on the Nasdaq National Market for the most recent trading day prior to the date of grant. First Options granted under the 1999 Stock Option Plan become exercisable in equal annual installments over a five-year period and Subsequent Options are exercisable in full upon grant. In the event of a merger of MicroStrategy with or into another corporation or another qualifying acquisition event, each option will be assumed or an equivalent option will be substituted by the successor corporation. If the successor corporation does not assume outstanding options or such options are not otherwise exchanged, the exercisability of all outstanding options will accelerate.

Executive Compensation

The compensation information set forth below relates to compensation paid by the Company to our chief executive officer and our five other most highly compensated executive officers who were serving as executive officers as of December 31, 2001 (collectively, the Named Executive Officers).

Option awards relating to the class A common stock of Strategy.com Incorporated, our majority-owned subsidiary that ceased its operations in December 2001, are designated in the tables set forth below by the term SDC. Unless so designated, all option information set forth below refers to option awards relating to the class A common stock of the Company.

The following table sets forth certain information concerning the compensation of the Named Executive Officers for each of the last three fiscal years:

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Annual Compensation			Long-Term Compensation Awards
		Salary	Bonus	Other Annual Compensation	Number of Shares Underlying Options
Michael J. Saylor Chairman of the Board and Chief Executive Officer	2001	\$ 150,000			
	2000	150,000			
	1999	150,000	50,000		
Sanju K. Bansal Vice Chairman of the Board, Executive Vice President, and Chief Operating Officer	2001	115,000			
	2000	115,000			
	1999	115,000	40,000		
Eric F. Brown(1) President and Chief Financial Officer	2001	200,000	75,000	96,962 (2)	250,000 500,000
	2000	131,250	10,000		100,000 (SDC)
Jonathan F. Klein Vice President, Law and General Counsel	2001	159,000	75,000		
	2000	135,417	60,000		135,000 75,000
	1999	115,000	30,000		75,000 (SDC) 30,000
Jeffrey A. Bedell(3) Vice President, Technology and Chief Technology Officer	2001	128,333	40,962		250,000
Eduardo S. Sanchez(4) Vice President, Worldwide Sales and Services	2001	250,000	88,752		250,000

- (1) Mr. Brown joined MicroStrategy in February 2000 as chief financial officer of Strategy.com, a business unit of the Company at the time, and became our chief financial officer in August 2000 and president in November 2000. Accordingly, the 2000 information for Mr. Brown is for the period from February 2000 to December 31, 2000.
- (2) This amount represents relocation expenses paid by MicroStrategy.
- (3) Mr. Bedell joined MicroStrategy in December 1992 and became vice president, technology and chief technology officer in April 2001.
- (4) Mr. Sanchez joined MicroStrategy in November 1992 and became vice president, worldwide sales and services in September 2001.

Option Grants Table

The following table contains information concerning grants of stock options made to each of the Named Executive Officers during Fiscal Year 2001:

**OPTION GRANTS IN LAST FISCAL YEAR
INDIVIDUAL GRANTS**

Name	Number of Shares of Class A Common Stock Underlying Options Granted(1)	% of Total Options Granted to Employees in 2001	Exercise Price Per Share(2)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(3)	
					5%	10%
Michael J. Saylor			% \$		\$	\$
Sanju K. Bansal						
Eric F. Brown	250,000	2.6	2.48	4/18/2011	389,915	988,120
Jonathan F. Klein	135,000	1.4	2.48	4/18/2011	210,554	533,585
Jeffrey A. Bedell	250,000	2.6	2.48	4/18/2011	389,915	988,120
Eduardo S. Sanchez	250,000					