

MICROSTRATEGY
BEST IN BUSINESS INTELLIGENCE

2000 ANNUAL REPORT

SCALABLE • PLATFORM • BUILT FOR THE INTERNET

Worldwide Headquarters

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MicroStrategy[®]
Best In Business Intelligence™

MicroStrategy 7™ is an industry-leading solution capable of analyzing today's growing multi-terabyte data warehouses and distributing information to millions of users.



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Letter to Shareholders

Dear MicroStrategy Stockholder:

For MicroStrategy, 2000 was a year of achievement, transition, and ultimately, fundamental recommitment.

When MicroStrategy became a public company in June of 1998, we occupied a strong position at the high-end of the business intelligence software market. During the eighteen months that followed, we expanded our presence in the business intelligence space and also pursued a strategy of market expansion, delivering a set of offerings related to our vision of "Intelligence Everywhere." Over these eighteen months we reached into a number of new markets, such as e-business tools, syndicated information networks, interactive voice response, CRM applications, vertical financial applications, and one-to-one messaging. Thus, during this period, we shifted MicroStrategy from being a pure business intelligence product company into a multiple offering, solution-selling enterprise.

As 2000 began, we were creating impressive technology across all of the above product lines, and our marketing, sales, services, and corporate functions worked to deliver these elaborate capabilities to the customer. Unfortunately, near the end of Q1 2000, we determined that it was necessary to restate our reported financial results for the periods of 1997 through 1999. This event caused our company to lose momentum.

However, in Q2 of 2000 we had one of the great technological milestones in the company's eleven-year history with the release of MicroStrategy 7™. MicroStrategy 7 marked a significant increase in the prowess of our core business intelligence platform. Many years in the making, MicroStrategy 7 was created as a scalable business intelligence platform built specifically for the Internet. Its pure-web architecture provides the web reporting, security, performance, and standards that are critical for deployment over the web.

With proven data and user scalability, MicroStrategy 7 is an industry-leading solution capable of analyzing today's growing multi-terabyte data warehouses and distributing information to millions of users. Its open and flexible platform provides the business intelligence foundation for analytical and reporting applications across the enterprise of our customers. MicroStrategy 7 is a true platform. With open APIs using common software standards such as Java, XML, MDX and COM, our platform can be easily customized or integrated into existing applications to meet a vast array of business intelligence needs. Our platform supports complete business intelligence solutions, with proactive information delivery via web, wireless, and voice, and the most robust set of analytics available in the market today. We were all pleased to see that a number of our customers, including some of the world's largest companies, referred to our platform technology as "simply unrivaled in the business intelligence industry," "embodying the best in business intelligence," and "setting the standard in business intelligence."

Yet, as we progressed through 2000 and the general economic slowdown spread, we also began to realize that we were not achieving similar success in most of the new areas of our business.

In addition, our creation of new product and service lines distracted us from fully focusing upon our exceptional core business intelligence software and providing it the attention necessary to grow profitably. As a result, we were expending rather than generating cash at the corporate level, and our traction in our core business slipped.

Therefore, at the end of 2000 we began a fundamental restructuring of MicroStrategy that we believe has us again poised for great success. We diligently pursued resolution of the outstanding issues related to our financial restatement. In addition, we made the strategic decisions to focus upon the business intelligence software market and to eliminate or downsize our involvement in our non-core technology initiatives. These decisions necessitated a number of changes designed to reduce our structural costs and firmly position us for success in the business intelligence market. The fundamental goals of this restructuring were to 1) focus the company on what we do best — business intelligence platform software sales; and 2) put us in the position to achieve our stated goal of profitability in our core business by the end of 2001. As a result, we redirected the entire firm towards our core offering — the MicroStrategy Business Intelligence Platform. One core product — MicroStrategy 7. One core market — The Business Intelligence Software Market. One core business model — Enterprise Software. And one core message — Best in Business Intelligence™.

Thus, as we get set for our 2001 annual meeting of stockholders, I am pleased to tell you that we can proudly count industry-leading companies such as American Express Financial Corp., Best Buy, First Union Corporation, FleetBoston Financial, GE Capital Fleet Services, J.P. Morgan Chase & Company, GlaxoSmithKline, Lowe's Home Improvement Warehouse, United States Postal Service, Visa International, and WorldCom as our customers. We also have key technology alliances with leading organizations like Informatica, Peoplesoft, JD Edwards, IBM, KPMG, NCR, and Nexgenix. So while I am proud to report our past accomplishments, I am equally excited to tell you about our future.

Our recommitment to the business intelligence market could not come at a better time. In its May 2000 report, IDC Research stated that the markets for On-line Analytical Processing and End-User Query and Reporting, the focus of our core platform, were poised for significant growth from nearly \$3 billion at the end of 2000 to nearly \$6 billion by the end of 2002 and \$10 billion by 2004. With leading technology, a solid customer base, superb alliances, and a committed team of dedicated employees, MicroStrategy is firmly positioned to participate in this growth.

So, as we prepare for this future I would like to thank all of you for your continued support of MicroStrategy. Everyone at MicroStrategy comes to work each day with a passion for creating and delivering the best business intelligence technology and providing value to our shareholders. I look forward to discussing these goals with each of you in person at our Annual Meeting on June 21, 2001.



Michael J. Saylor
Chairman of the Board and Chief Executive Officer

For any business or organization operating in the Internet Age, information is currency. The ability to realize the potential of your information assets - Turning data into intelligence - will be vital to the evolution and success of your business.



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We can proudly count industry-leading companies such as American Express Financial Corp., Best Buy, First Union Corporation, FleetBoston Financial, GE Capital Fleet Services, J.P. Morgan Chase & Company, GlaxoSmithKline, Lowe's Home Improvement Warehouse, United States Postal Service, Visa International, and WorldCom as our customers.



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2000 Financial Review

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CORPORATE INFORMATION

Board of Directors

Michael J. Saylor
Chairman of the Board and Chief Executive Officer

Sanju K. Bansal
Vice Chairman of the Board, Executive Vice President and Chief Operating Officer

Frank A. Ingari
Chairman of the Board, Wheelhouse Corporation

Jonathan J. Ledecy
Vice Chairman of the Board, Lincoln Holdings LLC

John W. Sidgmore
Vice Chairman of the Board, WorldCom, Inc.

Ralph S. Terkowitz
Vice President, Technology, The Washington Post Company

Executive Officers

Michael J. Saylor
Chairman of the Board and Chief Executive Officer

Sanju K. Bansal
Vice Chairman of the Board, Executive Vice President and Chief Operating Officer

Jeffrey A. Bedell
Vice President, Technology and Chief Technology Officer

Eric F. Brown
President and Chief Financial Officer

Jonathan F. Klein
Vice President, Law and General Counsel

Corporate Office

MicroStrategy Incorporated
1861 International Drive
McLean, VA 22102

Independent Accountants

PricewaterhouseCoopers LLP, McLean, Virginia

Stock Listing

MicroStrategy's Class A common stock is quoted on the Nasdaq National Market under the symbol MSTR.

Form 10-K

If you would like to receive, without charge, a copy of the Company's Form 10-K as filed with the Securities and Exchange Commission or would like to receive other stockholder communications, please send your request to:

Investor Relations

MicroStrategy Incorporated, 1861 International Drive
McLean, VA 22102, (703) 848-8600

William Chatterton
Director, Treasurer

Transfer Agent and Registrar

American Stock Transfer & Trust Company
6201 15th Avenue, Brooklyn, NY 11219

Annual Meeting

The annual meeting of stockholders will be held at 9:00 AM on June 21, 2001 at:

Marriott Dulles Airport
45020 Aviation Drive
Dulles, VA 20166

For more information on MicroStrategy products and services, contact the Company at:

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