

As filed with the Securities and Exchange Commission on June 30, 1998

Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
Under
The Securities Act of 1933

MICROSTRATEGY INCORPORATED
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction
of incorporation or organization)

51-0323571
(IRS Employer
Identification Number)

8000 TOWERS CRESCENT DRIVE
VIENNA, VIRGINIA
(Address of Principal Executive
Offices)

22182
(Zip Code)

MICROSTRATEGY INCORPORATED 1996 STOCK PLAN

MICROSTRATEGY INCORPORATED 1997 STOCK OPTION PLAN FOR FRENCH EMPLOYEES

MICROSTRATEGY INCORPORATED 1997 DIRECTOR OPTION PLAN

MICROSTRATEGY INCORPORATED 1998 EMPLOYEE STOCK PURCHASE PLAN

MR. MICHAEL J. SAYLOR
PRESIDENT AND CHIEF EXECUTIVE OFFICER
MICROSTRATEGY INCORPORATED
8000 TOWERS CRESCENT DRIVE
VIENNA, VIRGINIA 22182

(Name and address of agent for service)
(703) 848-8600

(Telephone number, including area code, of agent for service)

Copy to:
JOHN D. WATSON
LATHAM & WATKINS
1001 PENNSYLVANIA AVENUE, N.W. SUITE 1300
Washington, D.C. 20004-2505

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Class A Common Stock, par value \$0.001 per share (2)	9,200,000 shares	\$.50 to \$25.50	\$97,985,971	\$28,905.87

- (1) For purposes of computing the registration fee only. Pursuant to Rule 457(c) and Rule 457(h) under the Securities Act of 1933, the Proposed Maximum Offering Price Per Share is based upon (i) with respect to 6,007,653 shares that may be acquired pursuant to stock options granted by MicroStrategy Incorporated (the "Company") under the MicroStrategy Incorporated 1996 Stock Plan (the "1996 Stock Plan"), the MicroStrategy Incorporated 1997 Stock Option Plan for French Employees (the "French Plan") and the MicroStrategy Incorporated 1997 Director Option Plan (the "Director Option Plan" and, together with the 1996 Stock Plan and the French Plan, the "Option Plans") prior to the date of this Registration Statement, the actual price at which such stock options may be exercised; (ii) with respect to the remaining 2,492,347 shares that may be acquired pursuant to stock options that may be granted by the Company under the Option Plans from time to time after the date hereof, \$25.50 per share, which represents the average of the high and low prices reported on the Nasdaq Stock Market for shares of the Class A Common Stock on June 24, 1998; and (iii) with respect to up to 700,000 shares of Class A Common Stock that may be issued from time to time under the MicroStrategy Incorporated 1998 Employee Stock Purchase Plan (the "Purchase Plan" and, together with the Option Plans, the "Plans"), \$25.50 per share, which represents the average of the high and low prices reported on the Nasdaq Stock Market for shares of the Class A Common Stock on June 24, 1998.
- (2) The Option Plans authorize the issuance of a maximum of 8,500,000 shares of Class A Common Stock in the aggregate. Of such shares, 5,769,653 are subject to outstanding options granted under the 1996 Stock Plan as of June 30, 1998, 104,500 are subject to outstanding options granted under the French Plan as of June 30, 1998 and 135,000 are subject to outstanding options granted under the Director Option Plan as of June 30, 1998. The Purchase Plan authorizes the purchase of up to 400,000 shares of Class A Common Stock, subject to increase under certain circumstances.

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PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

ITEM 1. PLAN INFORMATION.

Not required to be filed with this Registration Statement.

ITEM 2. REGISTRANT INFORMATION AND EMPLOYEE PLAN ANNUAL INFORMATION.

Not required to be filed with this Registration Statement.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The following documents previously filed by the Company with the Securities and Exchange Commission (the "Commission") are incorporated as of their respective dates in this Registration Statement on Form S-8 (the "Registration Statement") by reference:

1. The prospectus contained in Post-Effective Amendment No. 1 to the Company's Registration Statement on Form S-1 relating to its initial public offering of Class A Common Stock filed with the Commission on June 11, 1998 (File No. 333-49899).
2. Description of the Company's Class A Common Stock incorporated by reference into the Company's Registration Statement on Form 8-A filed with the Commission on June 10, 1998.

All documents subsequently filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Registration Statement and prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold are deemed incorporated by reference in this Registration Statement and are a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by

reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

ITEM 4. DESCRIPTION OF SECURITIES.

Not applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

The validity of the shares of Class A Common Stock registered hereunder will be passed upon for the Company by Latham & Watkins, Washington, D.C. A partner of Latham & Watkins holds nonstatutory options to purchase approximately 25,000 shares of Class A Common Stock.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the General Corporation Law of the State of Delaware ("Section 145") permits a Delaware corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement

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actually and reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe such person's conduct was unlawful.

In the case of an action by or in the right of the corporation, Section 145 permits the corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interest of the corporation. No indemnification may be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

To the extent that a present or former director or officer of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in the preceding two paragraphs, Section 145 requires that such person be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 145 provides that expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative, or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation as authorized in Section 145.

The Company's Amended and Restated Certificate of Incorporation (the "Certificate") provides that an officer or director of the Company will not be

personally liable to the Company or its stockholders for monetary damages for any breach of his fiduciary duty as an officer or director, except in certain cases where liability is mandated by the DGCL. The provision has no effect on any non-monetary remedies that may be available to the Company or its stockholders, nor does it relieve the Company or its officers or directors from compliance with federal or state securities laws. The Certificate also generally provides that the Company shall indemnify, to the fullest extent permitted by law, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit investigation, administrative hearing or any other proceeding (each, a "Proceeding") by reason of the fact that he is or was a director or officer of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another entity, against expenses incurred by him in connection with such Proceeding. An officer or director shall not be entitled to indemnification by the Company if (i) the officer or director did not act in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Company, or (ii) with respect to any criminal action or proceeding, the officer or director had reasonable cause to believe his conduct was unlawful.

The Company has obtained a directors' and officers' insurance and company reimbursement policy. The policy insures directors and officers against unindemnified loss arising from certain wrongful acts in their capacities and reimburses the Company for such loss for which the Company has lawfully indemnified its directors and officers.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

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ITEM 8. EXHIBITS.

The following is a list of exhibits filed as part of this Registration Statement, which are incorporated herein:

Exhibit No.	Description of Exhibit
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4.1	Form of Class A Common Stock certificate (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 (File No. 333-49899)).
*5.1	Opinion of Latham & Watkins.
10.1	MicroStrategy Incorporated 1996 Stock Plan (as amended) (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-1 (File No. 333-49899)).
10.2	MicroStrategy Incorporated 1997 Stock Option Plan for French Employees (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-1 (File No. 333-49899)).
10.3	MicroStrategy Incorporated 1997 Director Option Plan (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1 (File No. 333-49899)).
*10.4	MicroStrategy Incorporated 1998 Employee Stock Purchase Plan.
*23.1	Consent of Latham & Watkins (included as part of their opinion attached as Exhibit 5.1 hereto).
*23.2	Consent of Coopers & Lybrand L.L.P.
*24.1	Power of Attorney (included on page 7 hereto)

* Filed herewith.

ITEM 9. UNDERTAKINGS.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being

registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:
 - (i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;
 - (ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement;
 - (iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not

apply if the information required to be included in a post-effective amendment by these paragraphs is contained in periodic reports filed by the

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registrant pursuant to Section 13 or Section 15(d) of the Securities and Exchange Act of 1934 that are incorporated by reference in the registration statement.

- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Vienna, Virginia on June 30, 1998.

MICROSTRATEGY INCORPORATED

By: /s/ Michael J. Saylor

Michael J. Saylor
Chairman of the Board, Chief Executive

Officer and President

POWERS OF ATTORNEY

Each person whose signature appears below constitutes and appoints Mark S. Lynch as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for such person and in his name, place and stead, in any and all capacities, to sign any or all further amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED.

Signatures -----	Title -----	Date -----
/s/ Michael J. Saylor ----- Michael J. Saylor	Chairman of the Board, Chief Executive Officer and President (Principal Executive Officer)	June 30, 1998
/s/ Sanju K. Bansal ----- Sanju K. Bansal	Executive Vice President, Chief Operating Officer and Director	June 30, 1998
/s/ Mark S. Lynch ----- Mark S. Lynch	Vice President, Finance and Chief Financial Officer (Principal Financial and Accounting Officer)	June 30, 1998
----- Frank A. Ingari	Director	June __, 1998
/s/ Ralph S. Terkowitz ----- Ralph S. Terkowitz	Director	June 30, 1998
----- Jonathan J. Ledecy	Director	June __, 1998

[LETTERHEAD OF LATHAM & WATKINS APPEARS HERE]

June 30, 1998

MicroStrategy Incorporated
8000 Towers Crescent Drive
Vienna, Virginia 22182

Re: MicroStrategy Incorporated; Class A Common Stock., par

value \$0.001 per share

Ladies and Gentleman:

We have acted as special counsel to MicroStrategy Incorporated (the "Company"), and we have examined the Registration Statement on Form S-8 (the "Registration Statement"), to be filed with the Securities and Exchange Commission in connection with the registration under the Securities Act of 1993, as amended, of (i) 8,000,000 shares of Class A Common Stock, par value \$0.001 per share (the "1996 Stock Plan Shares"), to be issued by the Company under the MicroStrategy Incorporated 1996 Stock Plan (the "1996 Stock Plan"); 300,000 shares of Class A Common Stock, par value \$0.001 per share (the "French Plan Shares"), to be issued by the Company under the MicroStrategy Incorporated 1997 Stock Plan for French Employees (the "French Plan"); 200,000 shares of Class A Common Stock, par value \$0.001 per share (the "Director Option Plan Shares") to be issued by the Company under the MicroStrategy Incorporated 1997 Director Option Plan (the "Director Option Plan"); and 700,000 shares of Class A Common Stock, par value \$0.001 per share (the "Purchase Plan Shares") to be issued by the Company under the MicroStrategy Incorporated 1998 Employee Stock Purchase Plan (the "Purchase Plan").

We have examined such questions of law and fact as we have considered necessary or appropriate for purposes of this opinion.

We are opining herein as to the effect on the subject transaction of only the General Corporation Law of the State of Delaware, and we express no opinion with respect to the

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applicability thereto or the effect thereon of any other laws or as to any matters of municipal law or any other local agencies within any state.

Subject to the foregoing and in reliance thereon, it is our opinion that:

(i) Upon the exercise of options granted pursuant to the 1996 Stock Plan and subject to the Company completing all actions and proceedings required on its part to be taken prior to the issuance of the 1996 Stock Plan Shares pursuant to the terms of the 1996 Stock Plan and the Registration Statement, including, without limitation, collection of required payment for such shares, the 1996 Stock Plan Shares will be validly issued, fully paid and non-assessable securities of the Company;

(ii) Upon the exercise of options granted pursuant to the French Plan and subject to the Company completing all actions and proceedings required on its part to be taken prior to the issuance of the French Plan Shares pursuant to the terms of the French Plan and the Registration Statement, including, without limitation, collection of required payment for such shares, the French Plan Shares will be validly issued, fully paid and non-assessable securities of the Company;

(iii) Upon the exercise of options granted pursuant to the Director Option Plan and subject to the Company completing all actions and proceedings required on its part to be taken prior to the issuance of the Director Option Plan Shares pursuant to the terms of the Director Option Plan and the Registration Statement, including, without limitation, collection of required payment for such shares, the Director Option Plan Shares will be validly issued, fully paid and non-assessable securities of the Company; and

(iv) Upon the exercise of options granted pursuant to the Purchase Plan and subject to the Company completing all actions and proceedings required on its part to be taken prior to the issuance of the Purchase Plan Shares pursuant to the terms of the Purchase Plan and the Registration Statement, including, without limitation, collection of required payment for such shares, the Purchase Plan Shares will be validly issued, fully paid and non-assessable securities of the Company;

We consent to your filing this opinion as an exhibit to the Registration Statement and to the reference to this opinion centered under the heading "Legal Matters."

Very truly yours,

/s/ Latham & Watkins

Latham & Watkins

MICROSTRATEGY INCORPORATED
1998 EMPLOYEE STOCK PURCHASE PLAN

I. Purpose. The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock of the Company through accumulated payroll deductions. It is the intention of the Company to have the Plan qualify as an "Employee Stock Purchase Plan" under Section 423 of the Internal Revenue Code of 1986, as amended. The provisions of the Plan, accordingly, shall be construed so as to extend and limit participation in a manner consistent with the requirements of that section of the Code.

II. Definitions.

- A. "Board" shall mean the Board of Directors of the Company.
- B. "Code" shall mean the Internal Revenue Code of 1986, as amended.
- C. "Common Stock" shall mean the Class A Common Stock of the Company.
- D. "Company" shall mean MicroStrategy Incorporated, a Delaware corporation, and any Designated Subsidiary of the Company.
- E. "Compensation" shall mean all base straight time gross earnings, commissions, payments for overtime, shift premium, incentive compensation, incentive payments, bonuses and other compensation; provided, however, that for the first Offering Period under the Plan, Compensation shall include only all base straight time gross earnings.
- F. "Designated Subsidiary" shall mean any Subsidiary which has been designated by the Board from time to time in its sole discretion as eligible to participate in the Plan.
- G. "Employee" shall mean any individual who is an Employee of the Company for tax purposes whose customary employment with the Company is at least twenty (20) hours per week and more than five (5) months in any calendar year. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company. Where the period of leave exceeds 90 days and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the 91st day of such leave.
- H. "Enrollment Date" shall mean the first day of each Offering Period.
- I. "Exercise Date" shall mean the last day of each Offering Period.
- J. "Fair Market Value" shall mean, as of any date, the value of Common Stock determined as follows:
1. If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day on the date of such determination, as reported in The Wall Street Journal or such other source as the Board deems reliable, or;
 2. If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value

shall be the mean of the closing bid and asked prices for the Common Stock on the date of such determination, as reported in The Wall Street Journal or such other source as the Board deems reliable, or;

3. In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Board.

(4) For purposes of the Enrollment Date of the first Offering Period under the Plan, the Fair Market Value shall be the initial price to the public as set forth in the final prospectus included within the registration statement in Form S1 filed with the Securities and Exchange Commission for the initial public offering of the Company's Common Stock (the "Registration Statement").

A. "Offering Period" shall mean a period of approximately six (6)

months during which an option granted pursuant to the Plan may be exercised, commencing on the first Trading Day on or after February 1 and terminating on the last Trading Day in the period ending the following July 31, or commencing on the first Trading Day on or after August 1 and terminating on the last Trading Day in the period ending the following January 31; provided, however, that the first Offering Period under the Plan shall commence with the first Trading Day on or after the date on which the Securities and Exchange Commission declares the Company's Registration Statement effective and ending on the last Trading Day on or before January 31, 1999. The duration of Offering Periods may be changed pursuant to Section 4 of this Plan.

B. "Plan" shall mean this Employee Stock Purchase Plan.

C. "Purchase Price" shall mean an amount equal to 85% of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower; provided, however, that the Purchase Price may be adjusted by the Board pursuant to Section 20.

D. "Reserves" shall mean the number of shares of Common Stock covered by each option under the Plan which have not yet been exercised and the number of shares of Common Stock which have been authorized for issuance under the Plan but not yet placed under option.

E. "Subsidiary" shall mean a corporation, domestic or foreign, of which not less than 50% of the voting shares are held by the Company or a Subsidiary, whether or not such corporation now exists or is hereafter organized or acquired by the Company or a Subsidiary.

F. "Trading Day" shall mean a day on which national stock exchanges and the Nasdaq System are open for trading.

II. Eligibility.

A. Any Employee who shall be employed by the Company on a given Enrollment Date shall be eligible to participate in the Plan.

B. Any provisions of the Plan to the contrary notwithstanding, no Employee shall be granted an option under the Plan (i) to the extent that, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Subsidiary, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans of the Company and its subsidiaries accrues at a rate which exceeds Fifteen Thousand Dollars (\$15,000) worth of stock (determined at the fair market value of the shares at the time such option is granted) for each calendar year in which such option is outstanding at any time.

III. Offering Periods. The Plan shall be implemented by consecutive Offering

Periods with a new Offering Period commencing on the first Trading Day on or after February 1 and August 1 each year, or on such other date as the Board shall determine, and continuing thereafter until terminated in accordance with Section 20 hereof; provided, however, that the first Offering Period under the Plan shall commence with the first Trading Day on or after the date on which the Securities and Exchange Commission declares the Company's Registration Statement effective and ending on the last Trading Day on or before January 31, 1999. The Board shall have the power to change the duration of Offering Periods (including the commencement dates thereof) with respect to future offerings without stockholder approval if such change is announced at least five (5) days prior to the scheduled beginning of the first Offering Period to be affected thereafter.

IV. Participation.

A. An eligible Employee may become a participant in the Plan by completing a subscription agreement authorizing payroll deductions in the form of Exhibit A to this Plan and filing it with the Company's payroll office prior to the applicable Enrollment Date.

B. Payroll deductions for a participant shall commence on the first payroll following the Enrollment Date and shall end on the last payroll in the Offering Period to which such authorization is applicable, unless sooner terminated by the participant as provided in Section 10 hereof.

V. Payroll Deductions.

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A. At the time a participant files his or her subscription agreement, he or she shall elect to have payroll deductions made on each pay day during the Offering Period in an amount not

exceeding ten percent (10%) of the Compensation which he or she receives on each pay day during the Offering Period.

B. All payroll deductions made for a participant shall be credited to his or her account under the Plan and shall be withheld in whole, even percentages only. A participant may not make any additional payments into such account.

C. A participant may discontinue his or her participation in the Plan as provided in Section 10 hereof, but no other change can be made during an Offering Period and, specifically, a participant may not alter the rate of his or her payroll deductions for that Offering Period. A participant may increase or decrease the rate of his or her payroll deductions for successive Offering Periods by completing and filing with the Company a new subscription agreement authorizing a change in payroll deduction rate before the start of the new Offering Period. A participant's subscription agreement shall remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof.

D. Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(b) hereof, a participant's payroll deductions may be decreased to zero percent (0%) at any time during an Offering Period. Payroll deductions shall recommence at the rate provided in such participant's subscription agreement at the beginning of the first Offering Period which is scheduled to end in the following calendar year, unless terminated by the participant as provided in Section 10 hereof.

E. At the time the option is exercised, in whole or in part, or at the time some or all of the Company's Common Stock issued under the Plan is disposed of, the participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock. At any time, the Company may, but shall not be obligated to, withhold from the participant's compensation the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Employee.

VI. Grant of Option. On the Enrollment Date of each Offering Period, each

eligible Employee participating in such Offering Period shall be granted an option to purchase on the Exercise Date of such Offering Period (at the

applicable Purchase Price) up to a number of shares of the Company's Common Stock determined by dividing such Employee's payroll deductions accumulated prior to such Exercise Date and retained in the Participant's account as of the Exercise Date by the applicable Purchase Price; provided that in no event shall an Employee be permitted to purchase during each Offering Period more than 1,000 shares (subject to any adjustment pursuant to Section 19), and provided further that such purchase shall be subject to the limitations set forth in Sections 3(b) and 12 hereof. The Board may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of the Company' Common Stock an Employee may purchase during each Offering Period. Exercise of the option shall occur as provided in Section 8 hereof, unless the

participant has withdrawn pursuant to Section 10 hereof. The Option shall expire on the last day of the Offering Period.

VII. Exercise of Option. Unless a participant withdraws from the Plan as

provided in Section 10 hereof, his or her option for the purchase of shares shall be exercised automatically on the Exercise Date, and the maximum number of full shares subject to option shall be purchased for such participant at the applicable Purchase Price with the accumulated payroll deductions in his or her account. No fractional shares shall be purchased; any payroll deductions accumulated in a participant's account which are not sufficient to purchase a full share shall be retained in the participant's account for the subsequent Offering Period, subject to earlier withdrawal by the participant as provided in Section 10 hereof. Any other monies left over in a participant's account after the Exercise Date shall be returned to the participant. During a participant's lifetime, a participant's option to purchase shares hereunder is exercisable only by him or her.

VIII. Delivery. As promptly as practicable after each Exercise Date on which

a purchase of shares occurs, the Company shall arrange the delivery to each participant, as appropriate, the shares purchased upon exercise of his or her option.

IX. Withdrawal.

A. A participant may withdraw all but not less than all the payroll deductions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by giving written notice to the Company in the form of Exhibit B to this Plan. All of the participant's payroll deductions credited to his or her account shall be paid to such participant promptly after receipt of notice of withdrawal and such participant's option for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of shares shall be made for such Offering Period. If a participant withdraws from an Offering Period, payroll deductions shall not resume at the beginning of the succeeding Offering Period unless the participant delivers to the Company a new subscription agreement.

B. A participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which commence after the termination of the Offering Period from which the participant withdraws.

X. Termination of Employment. Upon a participant's ceasing to be an Employee

for any reason, he or she shall be deemed to have elected to withdraw from the Plan and the payroll deductions credited to such participant's account during the Offering Period but not yet used to exercise the option shall be returned to such participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15 hereof, and such participant's option shall be automatically terminated. The preceding sentence notwithstanding, a participant who receives payment in lieu of notice of termination of employment shall be treated as continuing to be an Employee for the participant's customary number of hours per week of employment during the period in which the participant is subject to such payment in lieu of notice.

XI. Interest. No interest shall accrue on the payroll deductions of a

participant in the Plan.

XII. Stock.

A. Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, the maximum number of shares of the Company's Common Stock which shall be made available for sale under the Plan shall be 400,000 shares, plus an annual increase to be added on each anniversary date of the adoption of the Plan equal to the lesser of (i) 100,000 shares or (ii) a lesser amount determined by the Board. If, on a given Exercise Date, the number of shares with respect to which options are to be exercised exceeds the number of shares then available under the Plan, the Company shall make a pro rata allocation of the shares remaining available for purchase in as uniform a manner as shall be practicable and as it shall determine to be equitable.

B. The participant shall have no interest or voting right in shares covered by his option until such option has been exercised.

C. Shares to be delivered to a participant under the Plan shall be registered in the name of the participant or in the name of the participant and his or her spouse.

XIII. Administration. The Plan shall be administered by the Board or a

committee of members of the Board appointed by the Board. The Board or its committee shall have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Every finding, decision and determination made by the Board or its committee shall, to the full extent permitted by law, be final and binding upon all parties.

XIV. Designation of Beneficiary.

A. A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant's account under the Plan in the event of such participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such participant of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death prior to exercise of the option. If a participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective.

B. Such designation of beneficiary may be changed by the participant at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more

dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

XV. Transferability. Neither payroll deductions credited to a participant's

account nor any rights with regard to the exercise of an option or to receive shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

XVI. Use of Funds. All payroll deductions received or held by the Company

under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

XVII. Reports. Individual accounts shall be maintained for each participant

in the Plan. Statements of account shall be given to participating Employees at least annually, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of shares purchased and the remaining cash balance, if any.

XVIII. Adjustments Upon Changes in Capitalization, Dissolution, Liquidation,

Merger or Asset Sale.

A. Changes in Capitalization. Subject to any required action by the

stockholders of the Company, the Reserves, the maximum number of shares each participant may purchase per Offering Period (pursuant to Section 7), as well as the price per share and the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration". Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option.

B. Dissolution or Liquidation. In the event of the proposed

dissolution or liquidation of the Company, the Offering Period then in progress shall be shortened by setting a new Exercise Date (the "New Exercise Date"), and shall terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Board. The New Exercise Date shall be before the date of the Company's proposed dissolution or liquidation. The Board shall notify each participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the participant's option has been changed to the New Exercise Date and that the participant's option shall be exercised automatically on the New

Exercise Date, unless prior to such date the participant has withdrawn from the Offering Period as provided in Section 10 hereof.

C. Merger or Asset Sale. In the event of a proposed sale of all or

substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each outstanding option shall be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, the Offering Period then in progress shall be shortened by setting a new Exercise Date (the "New Exercise Date"). The New Exercise Date shall be before the date of the Company's proposed sale or merger. The Board shall notify each participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the participant's option has been changed to the New Exercise Date and that the participant's option shall be exercised automatically on the New Exercise Date, unless prior to such date the participant has withdrawn from the Offering Period as provided in Section 10 hereof.

XIX. Amendment or Termination.

A. The Board of Directors of the Company may at any time and for any reason terminate or amend the Plan. Except as provided in Section 19 hereof, no such termination can affect options previously granted, provided that an Offering Period may be terminated by the Board of Directors on any Exercise Date if the Board determines that the termination of the Offering Period or the Plan is in the best interests of the Company and its stockholders. Except as provided in Section 19 and Section 20 hereof, no amendment may make any change in any option theretofore granted which adversely affects the rights of any participant. To the extent necessary to comply with Section 423 of the Code (or any other applicable law, regulation or stock exchange rule), the Company shall obtain shareholder approval in such a manner and to such a degree as required.

B. Without stockholder consent and without regard to whether any participant rights may be considered to have been "adversely affected," the Board (or its committee) shall be entitled to change the Offering Periods, change the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each participant properly correspond with amounts withheld from the participant's Compensation, and establish such other limitations or procedures as the Board (or its committee) determines in its sole discretion advisable which are consistent with the Plan.

C. In the event the Board determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Board may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

1. altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;
2. shortening any Offering Period so that Offering Period ends on a new Exercise Date, including an Offering Period underway at the time of the Board action; and
3. allocating shares.

Such modifications or amendments shall not require stockholder approval or the consent of any Plan participants.

I. Notices. All notices or other communications by a participant to the

Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

II. Conditions Upon Issuance of Shares. Shares shall not be issued with

respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

I. Non-U.S. Participants. With respect to any Designated Subsidiary which

employs participants who reside outside the United States, and notwithstanding anything herein to the contrary, the Board or its committee administering the Plan may in its sole discretion amend the terms of the Plan in order to conform such terms with the requirements of local law or to meet the objectives of the Plan, and may, where appropriate, establish one or more sub-plans to reflect such amended provisions.

II. Term of Plan. The Plan shall become effective upon the earlier to occur

of its adoption by the Board of Directors or its approval by the stockholders of the Company. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 20 hereof.

EXHIBIT A

MICROSTRATEGY INCORPORATED

1998 EMPLOYEE STOCK PURCHASE PLAN

SUBSCRIPTION AGREEMENT

_____ Original Application Enrollment Date: _____

_____ Change in Payroll Deduction Rate

_____ Change of Beneficiary(ies)

1. _____ hereby elects to participate in the MicroStrategy Incorporated 1998 Employee Stock Purchase Plan (the "Employee Stock Purchase Plan") and subscribes to purchase shares of the Company's Common Stock in accordance with this Subscription Agreement and the Employee Stock Purchase Plan.

2. I hereby authorize payroll deductions from each paycheck in the amount of _____% of my Compensation on each payday (from 0 to 10%, in even percentages only) during the Offering Period in accordance with the Employee Stock Purchase Plan. (Please note that no fractional percentages are permitted.)

3. I understand that said payroll deductions shall be accumulated for the purchase of shares of Common Stock at the applicable Purchase Price determined in accordance with the Employee Stock Purchase Plan. I understand that if I do not withdraw from an Offering Period, any accumulated payroll deductions will be used to automatically exercise my option.

4. I have received a copy of the complete Employee Stock Purchase Plan. I understand that my participation in the Employee Stock Purchase Plan is in all respects subject to the terms of the Plan. I understand that my ability to exercise the option under this Subscription Agreement is subject to stockholder approval of the Employee Stock Purchase Plan.

5. Shares purchased for me under the Employee Stock Purchase Plan should be issued in the name(s) of (Employee or Employee and Spouse only):

6. I understand that if I dispose of any shares received by me pursuant to the Plan within 2 years after the Enrollment Date (the first day of the Offering Period during which I purchased such shares), I will be treated for federal income tax purposes as having received ordinary income at the time of such disposition in an amount equal to the excess of the fair market value of the shares at the time such shares were purchased by me over the price which I paid for the shares. I hereby agree to notify the

Company in writing within 30 days after the date of any disposition of

shares and I will make adequate provision for Federal, state or other tax

withholding obligations, if any, which arise upon the disposition of the

Common Stock. The Company may, but will not be obligated to, withhold from

my compensation the amount necessary to meet any applicable withholding
obligation including any withholding necessary to make available to the
Company any tax deductions or benefits attributable to sale or early
disposition of Common Stock by me. If I dispose of such shares at any time
after the expiration of the 2-year holding period, I understand that I will
be treated for federal

income tax purposes as having received income only at the time of such
disposition, and that such income will be taxed as ordinary income only to
the extent of an amount equal to the lesser of (1) the excess of the fair
market value of the shares at the time of such disposition over the

purchase price which I paid for the shares, or (2) 15% of the fair market value of the shares on the first day of the Offering Period. The remainder of the gain, if any, recognized on such disposition will be taxed as capital gain.

- 7. I hereby agree to be bound by the terms of the Employee Stock Purchase Plan. The effectiveness of this Subscription Agreement is dependent upon my eligibility to participate in the Employee Stock Purchase Plan.
8. In the event of my death, I hereby designate the following as my beneficiary(ies) to receive all payments and shares due me under the Employee Stock Purchase Plan:

NAME: (Please print) -----
(First) (Middle) (Last)

Relationship

(Address)

Employee's Social
Security Number: -----

Employee's Address: -----

I UNDERSTAND THAT THIS SUBSCRIPTION AGREEMENT SHALL REMAIN IN EFFECT THROUGHOUT SUCCESSIVE OFFERING PERIODS UNLESS TERMINATED BY ME.

Dated: -----

Signature of Employee

Spouse's Signature (If beneficiary other than spouse)

EXHIBIT B

MICROSTRATEGY INCORPORATED
1998 EMPLOYEE STOCK PURCHASE PLAN
NOTICE OF WITHDRAWAL

The undersigned participant in the Offering Period of the MicroStrategy Incorporated 1998 Employee Stock Purchase Plan which began on _____ 19____

(the "Enrollment Date") hereby notifies the Company that he or she hereby withdraws from the Offering Period. He or she hereby directs the Company to pay to the undersigned as promptly as practicable all the payroll deductions credited to his or her account with respect to such Offering Period. The undersigned understands and agrees that his or her option for such Offering Period will be automatically terminated. The undersigned understands further that no further payroll deductions will be made for the purchase of shares in the current Offering Period and the undersigned shall be eligible to participate in succeeding Offering Periods only by delivering to the Company a new Subscription Agreement.

Name and Address of Participant:

Signature:

Date:

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statement of MicroStrategy Incorporated on Form S-8 of our report dated January 30, 1998, except for Note 4 as to which the date is May 8, 1998 and Note 8, as to which the date is June 10, 1998, on our audits of the consolidated financial statements of MicroStrategy Incorporated as of December 31, 1996 and 1997, and for the years ended December 31, 1995, 1996, and 1997, which report is included in MicroStrategy Incorporated's Prospectus dated June 11, 1998, included in the Company's registration statement on Form S-1 (File No. 333-49899).

Coopers & Lybrand L.L.P.

McLean, Virginia
June 26, 1998