MICROSTRATEGY INC
Form DEF 14A
April 16, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x

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))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under §240.14a-12

MicroStrategy Incorporated

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the 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):

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¨ 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:

April 16, 2010

Dear MicroStrategy Stockholder:

You are cordially invited to our Annual Meeting of Stockholders on Wednesday, May 12, 2010, beginning at 10:00 a.m., local time, at MicroStrategy s offices, 1861 International Drive, McLean, Virginia 22102. The enclosed notice of annual meeting sets forth the proposals 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, President and

Chief Executive Officer

1861 International Drive

McLean, Virginia 22102

Notice of Annual Meeting of Stockholders

to be held on Wednesday, May 12, 2010

The Annual Meeting of Stockholders (the Annual Meeting) of MicroStrategy Incorporated, a Delaware corporation (the Company), will be held at MicroStrategy s offices, 1861 International Drive, McLean, Virginia 22102, on Wednesday, May 12, 2010, at 10:00 a.m., local time, to consider and act upon the following matters:

1. To elect eight (8) directors for the next year;

2. To approve material terms for payment of certain executive incentive compensation;

3. To ratify the selection of Grant Thornton LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2010; and

4. 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 March 15, 2010 will be entitled to notice of and to vote at the Annual Meeting or any adjournment thereof.

By Order of the Board of Directors,

Sanju K. Bansal

Vice Chairman, Executive Vice President,

Chief Operating Officer and Secretary

McLean, Virginia

April 16, 2010

A STOCKHOLDER MAY OBTAIN ADMISSION 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 COPY 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 MARCH 15, 2010 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 HELP 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 Wednesday, May 12, 2010

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of MicroStrategy Incorporated (the Company, MicroStrategy, we or us) for use at the Annual Meeting of Stockholders (the Annual Meeting) to be held on Wednesday, May 12, 2010, at MicroStrategy s offices, 1861 International Drive, McLean, Virginia 22102 at 10:00 a.m., local time, and at any adjournment thereof. For directions to the location of the Annual Meeting, please call (703) 848-8600 between the hours of 8:00 a.m. and 5:30 p.m. local time on normal business days, and press 0 after hearing the voice prompt. 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 March 15, 2010, 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 9,087,546 shares of our class A common stock, par value $0.001 per share, and an aggregate of 2,694,362 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.

Our Annual Report to Stockholders for 2009 is being mailed to stockholders, along with these proxy materials, on or about April 22, 2010. Our Annual Report to Stockholders includes our Annual Report on Form 10-K for 2009 as filed with the Securities and Exchange Commission (the SEC) except for any exhibits thereto. We will provide such exhibits to any stockholder upon written request. Please address requests to MicroStrategy Incorporated, Attention: Secretary, 1861 International Drive, McLean, Virginia 22102.

Votes Required

The holders of shares of Common Stock representing a majority of the votes entitled to be cast 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 (Proposal 1). The affirmative vote of a majority of the votes cast by the holders of Common Stock voting on the matter is required for the approval of material terms for payment of certain executive incentive compensation (Proposal 2). The affirmative vote of a majority of the votes cast by the holders of Common Stock voting on the matter is required for the ratification of the selection of Grant Thornton LLP (Grant Thornton) as our independent registered public accounting firm for the fiscal year ending December 31, 2010 (Proposal 3).

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 proposals referenced above.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on May 12, 2010

The Notice of Annual Meeting, Proxy Statement and Annual Report on Form 10-K for the fiscal year ended December 31, 2009 are available on our website at *http://ir.microstrategy.com/financials.cfm*.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of our Common Stock as of March 10, 2010, unless otherwise indicated, by:

- each person who is known by us to beneficially own more than 5% of any class of our Common Stock,
- each director or nominee for director,
- each of the executive officers named in the Summary Compensation Table set forth under the caption Executive and Director Compensation below, and
- all directors and executive officers as a group.

Beneficial Owner (1)	**Number of Shares Beneficially Owned (2)(3)**	**Percentage of Shares of Class A Common Stock Outstanding (3)(4)**
Michael J. Saylor (5)	2,751,846	23.2
Sanju K. Bansal (6)	396,462	4.2
Jonathan F. Klein (7)	81,307	*
Douglas K. Thede		
Paul N. Zolfaghari (8)	5,566	*
Jeffrey A. Bedell (9)	123,012	1.3
Arthur S. Locke, III (10)		
Matthew W. Calkins		
Robert H. Epstein (11)	200	*
David W. LaRue		
Jarrod M. Patten		
Carl J. Rickertsen (12)	3,000	*
Thomas P. Spahr (13)	16,400	*
Massachusetts Financial Services Company (14)	540,553	5.9
Entities affiliated with Citadel Investment Group II, L.L.C. (15)	539,320	5.9
BlackRock, Inc. (16)	504,453	5.5
All directors and executive officers as a group (12 persons) (17)	3,377,793	27.2

* Less than 1%.

(1) Each beneficial owner 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 listed in this table include shares of class A common stock and class B common stock, as set forth in the footnotes below. Shares of class B common stock are convertible into the same number of shares of class A common stock at any time at the option of the holder.

(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 exercisable on or within 60 days after March 10, 2010. Any reference below to shares subject to outstanding stock options held by the person in question refers only to such stock options.

(4) With respect to our directors and officers, percentages in the table and these footnotes have been calculated based on 9,087,265 shares of class A common stock and 2,694,362 shares of class B common stock outstanding as of March 10, 2010. In addition, for the purpose of calculating each director or officer s percentage of shares outstanding, any shares of class A common stock subject to outstanding stock options held by such person which are exercisable on or within 60 days after March 10, 2010 and any shares of class B common stock held by such person are deemed to be outstanding shares of class A common stock.

(5) Mr. Saylor s holdings of Common Stock consist of 2,358,700 shares of class B common stock (or approximately 87.5% of the class B common stock outstanding) owned by Alcantara LLC, which is wholly owned by Mr. Saylor, and options exercisable on or within 60 days after March 10, 2010 to purchase 393,146 shares of class A common stock.

(6) Mr. Bansal s holdings of Common Stock consist of 280,000 shares of class B common stock owned by Shangri-La LLC, which is wholly owned by Mr. Bansal, 40,662 shares of class B common stock held by Mr. Bansal directly (collectively constituting approximately 11.9% of the class B common stock outstanding), 50,000 shares of class A common stock held by Mr. Bansal directly, 5,800 shares of class A common stock owned by a foundation for which Mr. Bansal acts as the sole trustee and options exercisable by Mr. Bansal on or within 60 days after March 10, 2009 to purchase 20,000 shares of class A common stock.

(7) Mr. Klein s holdings of Common Stock consist of options exercisable on or within 60 days after March 10, 2010 to purchase 81,307 shares of class A common stock.

(8) Mr. Zolfaghari s holdings of Common Stock consist of 166 shares of class A common stock and options exercisable on or within 60 days after March 10, 2010 to purchase 5,400 shares of class A common stock.

(9) Mr. Bedell s holdings of Common Stock consist of 8,196 shares of class A common stock and options exercisable on or within 60 days after March 10, 2010 to purchase 114,816 shares of class A common stock.

(10) Mr. Locke departed from the Company on March 25, 2009. The number and percentage of shares reflected as beneficially owned by Mr. Locke is based solely upon information obtained through Company records.

(11) Mr. Epstein s holdings of Common Stock consist of 200 shares of class A common stock.

(12) Mr. Rickertsen s holdings of Common Stock consist of 3,000 shares of class A common stock.

(13) Mr. Spahr s holdings of Common Stock consist of 15,000 shares of class B common stock held in his own name (approximately 0.6% of the class B common stock outstanding) and 1,400 shares of class A common stock owned by a foundation for which Mr. Spahr acts as the president and a director.

(14) Beneficial ownership (and other information in this footnote) is as of December 31, 2009, based on a Schedule 13G/A filed on February 5, 2010 with the SEC by Massachusetts Financial Services Company (Massachusetts Financial). Massachusetts Financial beneficially owns 540,553 shares of class A common stock, for which it has sole voting power as to 525,023 shares and sole dispositive power as to 540,553 shares. The address of Massachusetts Financial is 500 Boylston Street, Boston, Massachusetts 02116.

(15) Beneficial ownership (and other information in this footnote) is as of December 31, 2009, based on a Schedule 13G/A filed on February 16, 2010 with the SEC by Citadel Advisors LLC (Citadel Advisors), Citadel Holdings II LP (CH-II), Citadel Global Equities Master Fund Ltd. (CG), Citadel Investment Group II, L.L.C. (CIG-II) and Mr. Kenneth Griffin with respect to shares of class A common stock owned by Citadel Derivatives Trading Ltd., a Cayman Islands limited company (CDT), Pioneer Path Capital Ltd., a Cayman Islands limited company (PPC), CG, Citadel Securities LLC, a Delaware limited company (Citadel Securities), and certain segregated accounts. Citadel Advisors is the investment manager for CG, PPC and certain segregated accounts, and the portfolio manager for CDT. CH-II is the managing member of Citadel Advisors. Citadel Holdings I LP, a Delaware limited partnership (CH-I), is the non-member manager of Citadel Securities. CIG-II is the general partner of CH-I and CH-II. Mr. Griffin is the president and chief executive officer of, and owns a controlling interest in, CIG-II. CIG-II and Mr. Griffin beneficially own 539,320 shares of class A common stock, over which each shares voting power with respect to 488,820 shares with Citadel Advisors and CH-II and with respect to 456,289 shares with CG.

(16) Beneficial ownership (and other information in this footnote) is as of December 31, 2009, based on a Schedule 13G filed on January 29, 2010 with the SEC by BlackRock, Inc. BlackRock beneficially owns 504,453 shares of class A common stock, for which it has sole voting power and sole dispositive power. The address of BlackRock is 40 East 52nd Street, New York, NY 10022.

(17) Shares of Common Stock held by the directors and executive officers as a group consists of 68,762 shares of class A common stock, options to purchase 614,669 shares of class A common stock that are exercisable on or within 60 days after March 10, 2010 and 2,694,362 shares of class B common stock (100.0% of the class B common stock outstanding), which shares are convertible into the same number of shares of class A common stock at any time at the option of the holder. Shares of Common Stock held by the directors and executive officers as a group exclude shares, if any, held by Mr. Locke, who departed from the Company on March 25, 2009.

EXECUTIVE OFFICERS OF THE COMPANY

Our executive officers and their ages and positions as of March 31, 2010 are as follows:

Name	Age	Title
Michael J. Saylor	45	Chairman of the Board of Directors, President and Chief Executive Officer
Sanju K. Bansal	44	Vice Chairman, Executive Vice President and Chief Operating Officer
Jonathan F. Klein	43	Executive Vice President, Law & General Counsel
Douglas K. Thede	41	Executive Vice President, Finance & Chief Financial Officer
Paul N. Zolfaghari	45	Executive Vice President, Worldwide Sales & Operations
Jeffrey A. Bedell	41	Executive Vice President, Technology & Chief Technology Officer

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 and since January 2005. 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 of the Board of Directors 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 serves as a member of the board of directors of The Advisory Board Company, a research services company listed on the Nasdaq Global Select Market. He 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.

Jonathan F. Klein has served as executive vice president, law & general counsel since December 2007, as vice president, law and general counsel from November 1998 to December 2007, 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.

Douglas K. Thede has served as executive vice president, finance & chief financial officer since September 2009, as interim chief financial officer from March 2009 to September 2009, as vice president, worldwide tax & treasurer from November 2008 to September 2009, as acting vice president, worldwide controller from March 2009 to June 2009 and as vice president, worldwide tax planning & compliance from the time he joined

MicroStrategy in June 2008 to March 2009. Mr. Thede also serves as the Company s treasurer. Prior to joining MicroStrategy, Mr. Thede served as senior director, tax of Convergys Corporation, an S&P 500 company that provides relationship management solutions, from March 2005 to May 2008, and as senior tax manager at PricewaterhouseCoopers LLP from August 2003 to March 2005. Mr. Thede also served a total of twelve years with Cincinnati Bell Inc., Ernst & Young LLP and KPMG Peat Marwick from 1991 to 2003. Mr. Thede is a certified public accountant and received a B.S. in Business from Miami University.

Paul N. Zolfaghari has served as executive vice president, worldwide sales & operations since December 2007, as vice president, worldwide sales and operations from August 2006 to December 2007, as vice president, worldwide business affairs from March 2005 to August 2006, as vice president & chief of staff from July 2003 to March 2005, as chief of staff from November 2000 to July 2003 and as assistant to the president & CEO from December 1999 to November 2000. Mr. Zolfaghari received a B.A. in English from Gettysburg College and a J.D. from the University of Pittsburgh.

Jeffrey A. Bedell has served as executive vice president, technology & chief technology officer since December 2007, as vice president, technology and chief technology officer from April 2006 to December 2007, as vice president and chief technology officer from April 2001 to April 2006, as vice president, platform technology from January 2000 to April 2001, as director of technology programs from October 1998 to January 2000 and as senior program manager from December 1992 to October 1998. Mr. Bedell received a B.A. in Religion from Dartmouth College.

PROPOSAL 1

ELECTION OF DIRECTORS

The Board of Directors proposes the election of the persons listed below as directors of the Company. Each current director of the Company has been nominated for re-election.

The persons named in the enclosed proxy will vote to elect as directors the eight nominees named below, 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 (and until the election and qualification of his successor or his earlier death, resignation or removal).

Nominees

Set forth below, for each nominee, are his name and age, positions with the Company, principal occupation and business experience during at least the past five years, the year of commencement of his term as a director of the Company and the names of other public companies in which he currently holds directorships or has held directorships during the past five years. We have also presented information below regarding each nominee s specific experience, qualifications, attributes and skills that led our Board to the conclusion that he should serve as a director.

Michael J. Saylor (45) 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 and since January 2005. 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. We believe that Mr. Saylor is well suited to serve on our Board of Directors due to his position as our chief executive officer and his more than twenty years with the Company, including as its founder.

Sanju K. Bansal (44) 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 of the Board of Directors 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 serves as a member of the board of directors of The Advisory Board Company, a research services company listed on the Nasdaq Global Select Market. He 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. We believe that Mr. Bansal is well suited to serve on our Board of Directors due to his position as our executive vice president and chief operating officer and his more than twenty years with the Company, including as a co-founder.

Matthew W. Calkins (37) has been a member of the Board of Directors of MicroStrategy since November 2004. In 1999, Mr. Calkins founded Appian Corporation, a privately-held business process management company, where he has served as president and chief executive officer since its founding. Mr. Calkins received a B.A. in Economics from Dartmouth College. We believe that Mr. Calkins is well suited to serve on our Board of Directors due to his experience in the software and services fields.

Robert H. Epstein (57) has been a member of the Board of Directors of MicroStrategy since January 2006. Mr. Epstein is currently president and chief executive officer of Takeda Lace, Inc., a trading and distribution company for various Asian textile manufacturing firms. From May 2002 to October 2007, Mr. Epstein was president and chief executive officer of Takeda Lace USA, Inc., the U.S. subsidiary of Japan-based textile manufacturer Takeda Lace Co., Ltd. From October 2001 to May 2002, Mr. Epstein pursued various business opportunities, including serving as a consultant for Warnaco Inc., an apparel manufacturer. From June 1978 to October 2001, Mr. Epstein served in various positions at textile manufacturer Liberty Fabrics of New York, Inc., concluding his tenure as division president and chief operating officer. Mr. Epstein received a B.S. in Psychology from Columbia University and did coursework at the Stern School of Business at New York University. We believe that Mr. Epstein is well suited to serve on our Board of Directors due to his international business experience.

David W. LaRue, Ph.D. (59) has been a member of the Board of Directors of MicroStrategy since February 2006. Dr. LaRue was a member of the accounting faculty of the University of Virginia s McIntire School of Commerce for twenty-five years prior to his retirement in May 2008. Dr. LaRue has published several technical and policy articles in prominent tax and accounting journals and has testified on tax policy issues before the Ways and Means Committee of the U.S. House of Representatives and the U.S. Treasury Department. Dr. LaRue currently serves as an independent consultant on matters involving tax, accounting, and financial issues. He has been recognized as an expert witness in accounting, taxation, finance, and/or economics by the U.S. Tax Court, the Federal Claims Court, and several Federal District Courts. We believe that Dr. LaRue is well suited to serve on our Board of Directors due to his accounting, finance and tax experience.

Jarrod M. Patten (38) has been a member of the Board of Directors of Microstrategy since November 2004. In 1996, Mr. Patten founded RRG and has served as the president and chief executive officer since inception. RRG is an independent international consulting firm specializing in the development and implementation of enterprise-wide cost control strategies that heighten operational controls, increase transparency, ensure cost compliance and extend cost accountability for RRG s geographically diverse client base. Mr. Patten received a B.S. in Biology and a B.A. in Biological Anthropology and Anatomy from the Trinity College of Arts and Sciences at Duke University. We believe that Mr. Patten is well suited to serve on our Board of Directors due to his international business, finance and compliance experience.

Carl J. Rickertsen (50) has been a member of the Board of Directors of MicroStrategy since October 2002. Mr. Rickertsen is currently managing partner of Pine Creek Partners, a private equity investment firm, a position he has held since January 2004. From January 1998 to January 2004, Mr. Rickertsen was chief operating officer and a partner at Thayer Capital Partners, a private equity investment firm. From September 1994 to January 1998, Mr. Rickertsen was a managing partner at Thayer. Mr. Rickertsen was a founding partner of three Thayer investment funds totaling over $1.4 billion and is a published author. From April 2003 to January 2010, Mr. Rickersten was a member of the board of directors of Convera Corporation, a publicly-traded search-engine software company. Mr. Rickertsen received a B.S. from Stanford University and an M.B.A. from Harvard Business School. We believe that Mr. Rickertsen is well suited to serve on our Board of Directors due to his finance and capital markets experience.

Thomas P. Spahr (45) has been a member of the Board of Directors of MicroStrategy since January 2006. Mr. Spahr is currently president of Libra Ventures, LLC, a start-up web based applications design company, a position he has held since November 2004. Since February 2004, Mr. Spahr has also been serving as vice president, secretary, and vice president of business development for Jex Technologies, Inc., a technology company focusing on automating health care logistics. From June 2001 to February 2004, Mr. Spahr was an independent investor. From October 1996 to June 2001, Mr. Spahr served in various positions at MicroStrategy, concluding his tenure as vice president, information systems and chief information officer. Mr. Spahr received an S.B. Degree in Aeronautics and Astronautics from the Massachusetts Institute of Technology. We believe that Mr. Spahr is well suited to serve on our Board of Directors due to his information systems experience and his prior service with the Company as described above.

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 MicroStrategy s 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.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE NOMINEES NAMED HEREIN FOR ELECTION AS DIRECTOR.

CORPORATE GOVERNANCE AND

THE BOARD OF DIRECTORS AND ITS COMMITTEES

Related Person Transactions Policy

We have adopted a formal written policy and procedure for the review, approval and ratification of related person transactions, as defined under the rules and regulations promulgated by the Securities Exchange Act of 1934, as amended (the Securities Exchange Act). The policy covers any transaction in which we were or are to be a participant and the amount involved exceeds $120,000, and in which any related person had or will have a direct or indirect material interest. For purposes of the policy, a related person is defined as our directors, director nominees and executive officers since the beginning of our last fiscal year, beneficial owners of more than 5% of any class of our voting securities, members of their respective immediate family, and any entity in which the foregoing persons has or had a greater than 10% ownership interest. The policy generally requires any proposed related person transaction to be reported to our General Counsel and reviewed and approved by the Audit Committee of the Board of Directors of the Company (the Audit Committee) prior to effectiveness or consummation of the transaction, whenever practical. If the General Counsel determines that advance approval of a related person transaction is not practical under the circumstances, the Audit Committee must review the transaction and, in its discretion, may ratify the related person transaction at the next meeting of the Committee. For transactions arising between meetings of the Audit Committee, the Chair of the Audit Committee can approve the transaction, subject to ratification by the Audit Committee at the next meeting of the Audit Committee. If the General Counsel first learns of a related person transaction after such transaction has already taken place, the Audit Committee must review and, in its discretion, may ratify the related person transaction at its next meeting. Related person transactions involving compensation of executive officers also require the review and approval of the Compensation Committee of the Board of Directors of the Company (the Compensation Committee).

The Audit Committee may approve or ratify the related person transaction only if the Audit Committee determines that, under the circumstances, the transaction is in our best interests. The Audit Committee may impose conditions on the related person transaction as it deems appropriate. In making such determination, the Audit Committee reviews and considers the following, among other factors:

- the related person s interest in the related person transaction;
- the approximate dollar value of the amount involved in the related person transaction;
- the approximate dollar value of the amount of the related person s interest in the transaction without regard to the amount of any profit or loss;
- whether the transaction was undertaken in the ordinary course of business;
- whether the transaction with the related person is proposed to be, or was, entered into on terms no less favorable to us than terms that could have been reached with an unrelated third party;
- the purpose of, and the potential benefits to us of, the transaction; and
- any other information regarding the related person transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

Any related person transaction previously approved by the Audit Committee or otherwise already existing that is ongoing in nature is reviewed by the Audit Committee annually.

In addition to the procedures set forth in the policy, we have multiple processes for reporting conflicts of interests, including related person transactions, to the Audit Committee. Under our Code of Conduct, all employees are required to report any transaction or relationship that reasonably could be expected to give rise to a conflict of interest to the General Counsel or to the Audit Committee, as appropriate. We also annually distribute questionnaires to our executive officers and members of the Board of Directors requesting certain information regarding, among other things, their immediate family members, employment, and beneficial ownership interests, which information is then reviewed for any conflicts of interest under the Code of Conduct and for any related person transaction under the policy.

There have been no related person transactions required to be reported pursuant to rules or regulations promulgated by the Securities Exchange Act since the beginning of 2009.

Board of Directors

Our Board of Directors is currently comprised of Messrs. Saylor, Bansal, Calkins, Epstein, LaRue, Patten, Rickertsen and Spahr. The Board of Directors met four times during 2009. Each director who served on the Board of Directors during 2009 attended at least 75% of the aggregate number of meetings of the Board of Directors and its committees on which he served. The Board of Directors has determined that each of the non-employee directors of the Company (Messrs. Calkins, Epstein, LaRue, Patten, Rickertsen and Spahr), who collectively constitute a majority of the Board, is an independent director as defined in Rule 5605(a)(2) of the Nasdaq Stock Market, Inc. (Nasdaq) Listing Rules.

In evaluating whether Mr. Calkins is an independent director as defined in Rule 5605(a)(2) of the Nasdaq Listing Rules and meets the additional independence requirements that apply to audit committee members under Nasdaq and SEC rules, the Board of Directors considered a teaming arrangement that has been entered into by Grant Thornton, our independent registered public accounting firm, and Appian Corporation (Appian), a private company of which Mr. Calkins is a founder, president, chief executive officer and majority owner. Pursuant to the teaming arrangement, Grant Thornton is a subcontractor on a contract proposal by Appian to the Office of the Comptroller of the Currency (the OCC), a federal government agency. If the OCC contract is awarded to Appian, Appian and Grant Thornton expect to enter into a subcontract whereby Appian would pay Grant Thornton funds received from the OCC pertaining to the services provided by Grant Thornton under the subcontract.

In evaluating whether Mr. Spahr is an independent director as defined in Rule 5605(a)(2) of the Nasdaq Listing Rules, the Board of Directors considered a minority investment by Mr. Spahr in a private company that is an original equipment manufacturer partner of MicroStrategy.

The independent members of the Board of Directors regularly meet in executive session without any employee directors or other members of management in attendance.

Audit Committee

The Board of Directors has established a standing Audit Committee in accordance with Section 3(a)(58)(A) of the Securities Exchange Act and adopted the Eighth Amended and Restated Audit Committee Charter, which is publicly available on the Corporate Governance section of our website, *www.microstrategy.com*. The Audit Committee of the Board of Directors provides the opportunity for direct contact between our independent registered public accounting firm and the Board of Directors.

The Audit Committee is currently comprised of Messrs. LaRue (Chairman), Calkins and Patten. The Audit Committee met five times (including one telephonic meeting) during 2009. Each director who served on the Audit Committee during 2009 attended all of the meetings of the Audit Committee.

The Board of Directors has determined that each member of the Audit Committee meets the Nasdaq Marketplace Rule definition of an independent director for audit committee purposes, as well as the independence requirements of Rule 10A-3 under the Securities Exchange Act. The Board of Directors has designated Mr. LaRue as an audit committee financial expert, as defined in Item 407(d)(5)(ii) of Regulation S-K. Additional information regarding the Audit Committee and its functions and responsibilities is included in this Proxy Statement under the caption Audit Committee Report.

Compensation Committee

The Board of Directors has established a standing Compensation Committee and adopted an Amended and Restated Charter for the Compensation Committee which is publicly available on the Corporate Governance section of our website, *www.microstrategy.com*. The Compensation Committee of the Board of Directors makes compensation decisions regarding our President and Chief Executive Officer and performs other functions related to compensation matters.

The Compensation Committee is currently comprised of Messrs. Rickertsen (Chairman) and Patten. The Compensation Committee held two telephonic meetings during 2009. Each member of the Compensation Committee attended all of the meetings of the Compensation Committee.

The Board of Directors has determined that each member of the Compensation Committee meets the Nasdaq Listing Rules definition of an independent director for compensation committee purposes. Each member of the Compensation Committee is also a non-employee director, as defined in Rule 16b-3 under the Securities Exchange Act, and an outside director under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code). Additional information regarding the Compensation Committee and its functions and responsibilities is included in this Proxy Statement under the captions Compensation Discussion and Analysis and Compensation Committee Report.

Controlled Company

We are a controlled company as defined in Rule 5615(c)(2) of the Nasdaq Listing Rules, because more than 50% of the voting power of the Company is controlled by our Chairman, President and Chief Executive Officer, Michael J. Saylor. Since we are a controlled company under the Nasdaq Listing Rules, the Board has determined that the Board, rather than a nominating committee, is the most appropriate body for identifying director candidates and selecting nominees to be presented at the Annual Meeting.

Board Leadership Structure

Mr. Saylor, our President and Chief Executive Officer, is also the Chairman of the Board. Our Board has determined that having the same individual hold both positions is appropriate for a controlled company, in the best interests of MicroStrategy and our stockholders, and consistent with good corporate governance for the following reasons:

- Our Chief Executive Officer is more familiar with our business and strategy than an independent, non-employee Chairman would be and is thus better positioned to focus our Board s agenda on the key issues facing our Company.

- A single Chairman and Chief Executive Officer provides strong and consistent leadership for the Company, without risking overlap or conflict of roles.

- Oversight of our Company is the responsibility of our Board as a whole, and this responsibility can be properly discharged without an independent Chairman.

We do not have a lead independent director or a presiding director; however, the independent directors meet as necessary in executive sessions of the Board. In light of our status as a controlled company, we believe that our Board structure provides an appropriate balance of management leadership and non-management oversight.

Oversight of Risk

Our Board oversees our risk management processes directly and through its committees. Our management is responsible for risk management on a day-to-day basis. The role of our Board and its committees is to oversee the risk management activities of management. They fulfill this duty by discussing with management the policies and practices utilized by management in assessing and managing risks and providing input on those policies and practices. In general, our Board oversees risk management activities relating to business strategy, capital allocation, organizational structure and certain operational risks; our Audit Committee oversees risk management activities related to financial controls and legal and compliance risks; and our Compensation Committee oversees risk management activities relating to the Company s compensation policies and practices. In addition, since risk issues often overlap, committees from time to time can request that the full Board discuss particular risk issues.

Director Candidates

As noted above, we do not have a standing nominating committee and the functions of evaluating and selecting directors are performed by the Board of Directors as a whole. The Board will, from time to time, evaluate biographical information and background material relating to potential candidates and interview selected candidates. The Board does not currently have a charter or written policy with regard to the nomination process. We have not engaged a third party to assist us in identifying and evaluating the individuals nominated for election as directors at the Annual Meeting.

In considering whether to nominate any particular candidate for election to the Board, the Board uses various criteria to evaluate each candidate, including each candidate s integrity, business acumen, knowledge of our business and industry, experience, diligence, conflicts of interest and ability to act in the interests of our stockholders. The Board also considers whether a potential nominee would satisfy the Nasdaq Listing Rules definition of an independent director and the SEC s definition of an audit committee financial expert. The Board does not set specific minimum qualifications or assign specific weights to particular criteria and no particular criterion is a prerequisite for a prospective nominee. Our Board does not have a formal policy with respect to diversity, but we believe that the backgrounds and qualifications of our directors, considered as a group, should reflect a diverse set of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities, and the Board takes such diversity into consideration in connection with prospective nominees.

We do not have a formal policy with regard to the consideration of director candidates recommended by our stockholders because of our status as a controlled company under Nasdaq Listing Rules. Stockholder recommendations relating to director nominees or otherwise may be submitted in accordance with the procedures set forth below under the caption Stockholder Proposals. Any stockholder nominations proposed for consideration should include the nominee s name and qualifications. Any recommendations received from stockholders will be evaluated in the same manner that potential nominees recommended by Board members, management or other parties are evaluated. Stockholders may also send communications to the Board of Directors in accordance with the procedures set forth below under the caption Communicating with the Board of Directors.

Director Attendance at Annual Meeting of Stockholders

Although we do not have a policy with regard to Board members attendance at our Annual Meeting, all directors are encouraged to attend the Annual Meeting. Five of the eight members of the Board of Directors attended the 2009 Annual Meeting of Stockholders.

Communicating with the Board of Directors

Stockholders who wish to send communications to the Board may do so by writing to the Secretary of the Company, MicroStrategy Incorporated, 1861 International Drive, McLean, Virginia 22102. The mailing envelope must contain a clear notation indicating that the enclosed letter is a Stockholder-Board Communication. All such letters must identify the author as a stockholder and must include the stockholder s full name, address and a valid telephone number. The name of any specific intended Board recipient should be noted in the communication. The Secretary will forward any such correspondence to the intended recipients; however, prior to forwarding any such correspondence, the Secretary or his designee will review such correspondence, and in his or her discretion, may not forward communications that relate to ordinary business affairs, communications that are primarily commercial in nature, personal grievances or communications that relate to an improper or irrelevant topic or are otherwise inappropriate for the Board s consideration.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act 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. Directors, executive officers and holders of 10% of our class A common stock are required by SEC regulations to furnish us 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 directors and executive officers regarding their filing obligations, all Section 16(a) filing requirements were satisfied with respect to 2009.

Code of Ethics

On March 5, 2004, the Board of Directors, through its Audit Committee, adopted a Code of Ethics that applies to MicroStrategy s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, and such other personnel of MicroStrategy or its majority-owned subsidiaries as may be designated from time to time by the chairman of the Audit Committee. The Code of Ethics is publicly available on the Corporate Governance section of our website, *www.microstrategy.com*. We intend to disclose any amendments to the Code of Ethics or any waiver from a provision of the Code of Ethics on the Corporate Governance section of our website, *www.microstrategy.com*.

EXECUTIVE AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

Overview

The seven individuals who are identified in the Summary Compensation Table on page 24 consist of our six named executive officers and Sanju K. Bansal, our Vice Chairman of the Board, Executive Vice President and Chief Operating Officer. We refer to these individuals in our Compensation Discussion and Analysis as our executive officers. The goal of our compensation program for these executive officers is the same as our goal for operating the Company to create long-term value for our stockholders. In furtherance of this goal, our executive compensation program is designed to recognize, reward and provide incentives for exceptional individual performance, superior financial and operating results and effective leadership. It is also designed to align our executive officers interests with those of our stockholders and to encourage both their performance and retention. These objectives serve as the basis for determining the overall compensation of each executive, considered in light of Company performance.

Compensation Objectives

Performance and Alignment

Each of our executive officers possesses skills, experience and qualities that make him a unique and valuable member of the management team. The compensation for our executive officers reflects their abilities, superior management experience, continued high performance and their contribution to the leadership and management of their particular departments and the Company as a whole. We also seek to align the interests of our executive officers with those of our stockholders by evaluating executive performance on the basis of key financial metrics that we believe reflect short-term and long-term stockholder value. Key elements of our executive compensation program that achieve these objectives include:

- a base salary that rewards overall performance and sets future expectations for performance;

- a cash bonus that compensates Mr. Saylor, our Chairman of the Board, Chief Executive Officer and President, based on our diluted earnings per share for the fiscal year;

cash bonuses for Mr. Zolfaghari, our Executive Vice President, Worldwide Sales & Operations, that are determined by measuring his performance on a quarterly and annual basis against specific, pre-established financial metrics;

a cash bonus for each of Messrs. Bansal, Klein (our Executive Vice President, Law & General Counsel), Thede (our Executive Vice President, Finance & Chief Financial Officer), and Bedell (our Executive Vice President, Technology & Chief Technology Officer) that is based on a subjective assessment of his performance using quantitative and qualitative measures considered in light of our performance; and

cash bonuses for each of Messrs. Bansal, Klein, Thede, Zolfaghari and Bedell under our Performance Incentive Plan, which authorizes both fixed dollar cash bonus awards and cash bonus awards based on a percentage of core operating income, consisting of the income from continuing operations, before financing and other income and income taxes, of MicroStrategy s consolidated core business intelligence business unit (core operating income). Cash bonus amounts pursuant to awards granted under the Performance Incentive Plan are generally payable only if the recipient remains employed by the Company for a period of three years following the end of the performance period for which the cash bonus has been determined.

We have not granted equity awards in MicroStrategy stock since 2004. We believe that the value of stock option grants in MicroStrategy stock may be too dependent on general market conditions and other factors that may not necessarily correlate with the performance of our core business intelligence business and may create unnecessary dilution to our shareholders. Accordingly, although all executive officers other than Mr. Thede and Mr. Locke (our former Executive Vice President, Finance & Chief Financial Officer) hold outstanding MicroStrategy stock options, we do not currently grant MicroStrategy stock options to the executive officers as part of their ongoing compensation arrangements. The last tranches of MicroStrategy stock options granted to our executive officers vested in 2008.

In the interest of continuing to motivate and retain our executive officers and other key employees, we implemented the Performance Incentive Plan described above in March 2010 in lieu of granting new MicroStrategy equity awards. Bonus awards under the Performance Incentive Plan that are based on a percentage of our core operating income seek to align the efforts of executive officers as closely as practicable to our objectives of growing the size and profitability of our core business intelligence business. Fixed dollar bonus awards under the Performance Incentive Plan provide us with additional flexibility to make an award with respect to a past performance period for performance, retention or other purposes with the award subject to the various conditions of the Performance Incentive Plan, including the three-year continuous employment requirement. These long-term incentive awards under the Performance Incentive Plan would be granted in addition to discretionary and other cash bonus awards granted to executive officers. We believe that awards under the Performance Incentive Plan and our other cash bonus plans provide appropriate incentives to executives to increase shareholder value.

In addition, we have granted options to purchase stock in our Angel.com subsidiary, which we established in the fall of 2008, to two executive officers who devote a portion of their time to the affairs of Angel.com in order to provide them with a long-term incentive to increase the value of the Angel.com business for the benefit of MicroStrategy shareholders generally.

Retention

Because of their experience and talents, our executives are often presented with other professional opportunities, including ones at potentially higher compensation levels. We attempt to retain our executives by providing a base salary and overall compensation package that is market competitive over time.

Implementing Our Objectives

Determining Compensation

Our executive compensation decisions are based on a review of our performance and a subjective assessment of the executive s performance during the year against financial and strategic goals, taking into account the scope of the executive s responsibilities, his employment and compensation history with us, overall compensation arrangements and long-term potential to enhance stockholder value. Specific factors that may affect compensation decisions for the executive officers include:

- key financial metrics such as revenue, operating profit, core operating income, earnings per share, and operating margins;
- strategic objectives such as technological innovation, globalization, improvement in market position and feedback from customers; and
- operational goals for the Company or a particular business department, including improved deployment of resources and expansion.

We have adopted incentive cash bonus plans for Messrs. Saylor and Zolfaghari that measure performance against specific, pre-established metrics on a quarterly or an annual basis because we believe that their responsibilities can be tied to specific Company-wide performance metrics. We generally do not adhere solely to formulas with respect to the compensation of our other executive officers because we believe that more qualitative and subjective evaluations are necessary in determining their appropriate levels of compensation. In 2009, we adopted discretionary cash bonus plans for these other executive officers based on a subjective evaluation of the individual performance in the context of general economic and industry conditions and Company performance.

Since the last tranches of MicroStrategy stock options granted to executive officers vested in 2008, our CEO granted fixed dollar bonus awards to Messrs. Bansal, Klein, Thede, Zolfaghari and Bedell under our Performance Incentive Plan in April 2010 in order to continue to motivate and retain our officers and to reward them for their individual performance and Company performance in 2009. The cash bonus amounts pursuant to these awards cumulatively represent approximately 3% of the Company s core operating income for 2009. The CEO determined this cumulative amount for these awards based on his subjective determination of an appropriate amount that would help motivate and retain the executive officers and on his subjective evaluation of the individual performance of these officers in the context of general economic and industry conditions and Company performance, taking into account the scope of the executive s responsibilities, his employment and compensation history with us, overall compensation arrangements and long-term potential to enhance stockholder value. Based on the same subjective determination and evaluation of the foregoing factors by the Compensation Committee and the recommendation of the CEO, the Compensation Committee granted to Messrs. Bansal, Klein, Thede, Zolfaghari and Bedell awards under our Performance Incentive Plan in March 2010, which are based on a percentage of our core operating income for 2010 and will cumulatively represent approximately 3% of 2010 core operating income. These award grants for 2010 are subject to shareholder approval of the material terms for payment of certain executive incentive compensation submitted at the 2010 annual meeting. The awards granted under the Performance Incentive Plan for the 2009 and 2010 performance periods described above are subject to the continuous employment requirement and other conditions of the Performance Incentive Plan described in more detail below.

We incorporate flexibility into our compensation program and in the assessment process to respond to and adjust for an evolving and dynamic business environment. We believe the most important indicator of whether our compensation objectives are being met is our ability to motivate our executive officers to deliver superior performance and to achieve our retention goals.

While not conducting formal benchmarking, the Compensation Committee considered in 2008 the compensation provided to the chief executive officers of Business Objects, Cognos, Actuate, Sybase, Informatica and Teradata and in 2007 the compensation provided to the chief executive officers of Business Objects and

Cognos, in establishing compensation arrangements for the CEO based on its desire to provide the CEO with a base salary and overall compensation package that is market competitive over time. In 2009, the Compensation Committee established Mr. Saylor s compensation arrangements without conducting formal benchmarking or referencing the compensation provided to other chief executive officers beyond its recent review of such information in the prior years.

The CEO does not conduct benchmarking in establishing compensation arrangements for any of the other executive officers, but instead establishes compensation based on his subjective determination of the scope of responsibilities placed on each executive officer, the executive officer s unique leadership skills, management experience and contributions, while also taking into account economic and industry conditions and Company performance. The CEO does not assign relative weights to Company and individual performance in establishing these compensation arrangements, but instead makes a subjective determination after considering such performances collectively.

No Employment or Severance Agreements

Our executive officers do not have employment, severance or change-of-control agreements. Our CEO serves at the will of the Board and the other executive officers serve at the will of the Board and the CEO. This approach is consistent with our employment and compensation philosophy that relies significantly upon providing performance-based incentives and aligning the interests of executives with those of our stockholders.

Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to a public company for compensation over $1 million paid to its chief executive officer and its other officers (other than the chief financial officer) whose compensation is required to be disclosed to the company s stockholders under the Securities Exchange Act for being among the most highly compensated officers. However, qualified performance-based compensation will not be subject to the deduction limit if certain requirements are met. The Compensation Committee and the CEO take into account, to the extent they believe appropriate, the limitations on the deductibility of executive compensation imposed by Section 162(m) in determining compensation levels and practices applicable to the executive officers. The Compensation Committee and CEO believe that there may be circumstances in which our interests are best served by maintaining flexibility in the way compensation is provided, whether or not compensation is fully deductible under Section 162(m).

Role of the Compensation Committee and CEO

The Compensation Committee has the authority and responsibility to develop, adopt and implement compensation arrangements for the CEO. The Board has delegated to the CEO the authority and responsibility to develop, adopt and implement compensation arrangements for all other executive officers, including all executive officers other than the CEO. The CEO makes compensation determinations regarding other executive officers in periodic consultation with the Compensation Committee, consistent with the Nasdaq rules applicable to controlled companies, except with respect to awards granted under the Performance Incentive Plan that we seek to qualify as performance-based compensation under Section 162(m), which are determined by the Compensation Committee. Neither the Company nor the Compensation Committee has engaged a third-party compensation consultant to help determine or provide input regarding the determination of 2009 or 2010 compensation for the CEO or the other executive officers.

Equity Ownership Guidelines

Mr. Saylor beneficially owns 393,146 shares of class A common stock and 2,358,700 shares of class B common stock, or 65.8% of the total voting power and 22.6% of the total equity interest in the Company as of March 10, 2010. Mr. Bansal beneficially owns 75,800 shares of class A common stock and 320,662 shares of class B common stock, or 9.1% of the total voting power and 3.4% of the total equity interest in the Company as of March 10, 2010. Accordingly, given the significant equity stakes already held by Messrs. Saylor and Bansal, we do not believe that any equity ownership guidelines would be meaningful.

Elements Used to Achieve Compensation Objectives

The principal elements of our compensation program for Mr. Saylor are base salary and an incentive cash bonus plan based on our diluted earnings per share during the fiscal year. The principal elements of our compensation program for Mr. Zolfaghari are base salary, incentive cash bonuses that are determined by measuring his performance on a quarterly and annual basis against specific, pre-established financial metrics, a fixed dollar bonus award under the Performance Incentive Plan with respect to 2009, and a bonus award under the Performance Incentive Plan based on a percentage of core operating income with respect to 2010. The principal elements of our compensation program for Messrs. Bansal, Klein, Thede and Bedell are base salary, a discretionary cash bonus, a fixed dollar bonus award under the Performance Incentive Plan with respect to 2009, and a bonus award under the Performance Incentive Plan based on a percentage of core operating income with respect to 2010.

We also provide each of our executive officers with certain perquisites and other benefits that the Compensation Committee or CEO, as applicable, believes are reasonable and consistent with the objectives of our executive compensation program. Each of these compensation elements satisfies one or more of our performance, alignment, and retention objectives, as described more fully below. We combine the compensation elements for each executive in a manner we believe is consistent with the executive s contributions to the Company. Although we do not currently grant equity compensation in MicroStrategy stock to executives, we believe that our executive compensation program nevertheless promotes long-term value to stockholders by providing a stable management team and rewarding financial results that are expected to contribute toward long-term stockholder value. Our executive compensation program presently consists primarily of base salary and cash bonuses, and also includes perquisites, the remaining value of MicroStrategy stock options previously granted, options to purchase stock of our Angel.com subsidiary, and health insurance, 401(k) matching, group term life insurance and other standard employee benefits.

Base Salary

We provide cash compensation in the form of base salary to attract and retain talented executives by recognizing the scope of responsibilities placed on each executive officer and rewarding each executive officer for his unique leadership skills, management experience and contributions. We also take into consideration economic and industry conditions and Company performance. We do not assign relative weights to Company and individual performance, but instead make a subjective determination after measuring such performances collectively. A competitive base salary is an important component of compensation as it provides a degree of financial stability for our executives.

Cash Bonuses

Our cash bonus compensation is designed to reward achievement of strategic and financial goals that support our objective of enhancing stockholder value and to motivate executives to achieve superior performance in their areas of responsibility. We have not made grants of equity compensation in MicroStrategy stock to executive officers since 2004. Accordingly, our cash bonus compensation program is the main vehicle for providing performance-based compensation to executives. We consider various factors in determining the form and structure of the cash bonus plan that is most appropriate for rewarding and motivating the individual executive officer.

Saylor Cash Bonus Plan

Our CEO is responsible for the business as a whole, and therefore, the Compensation Committee believes that basing the CEO s incentive cash bonus on diluted earnings per share, a Company-wide financial metric, provides the appropriate incentive for his performance. We believe that establishing diluted earnings per share as a performance metric best aligns our CEO s interests with those of our stockholders because increases in diluted earnings per share directly increase the overall value of the Company to stockholders.

In March 2009, the Compensation Committee established a plan for determining the eligible bonus amount with respect to Mr. Saylor s performance for 2009 using the following graduated rates based on our achievement of specified levels of diluted earnings per share (DEPS), up to a maximum potential bonus payment of $4,800,000, subject to the Compensation Committee s discretion to award a cash bonus amount lower than the amount calculated using the formula:

- $400,000 per dollar of DEPS for the first dollar of DEPS, plus
- $500,000 per dollar of DEPS for the second dollar of DEPS, plus
- $600,000 per dollar of DEPS for each dollar of DEPS over $2.00.

The Compensation Committee adopted these graduated rates, rather than the single rate that had been used in recent past years, to provide additional incentive to the CEO to seek to achieve superior Company performance within a challenging macroeconomic environment.

In March 2010, the Compensation Committee established, subject to shareholder approval of the material terms for payment of certain executive incentive compensation submitted at the 2010 annual meeting, a plan for determining the eligible bonus amount with respect to Mr. Saylor s performance for 2010 that uses the same formula as was used for 2009.

The maximum cash bonus amount for 2010 is set at $4,800,000, which is the same as the maximum amount that the Compensation Committee set for 2008 and 2009. The 2010 bonus formula also retains as a feature the Compensation Committee s discretion to award a cash bonus amount lower than the amount calculated using the bonus formula. The Compensation Committee believes that maintaining a simple formula derived from our diluted earnings per share provides a transparent and readily understandable basis for providing performance-based compensation.

Zolfaghari Cash Bonus Plan

In establishing a 2009 cash bonus plan for Mr. Zolfaghari, the CEO considered Mr. Zolfaghari s responsibility for managing the worldwide sales and sales operations of our core business intelligence business. Since Mr. Zolfaghari has direct responsibility for business activities that generate revenue from worldwide sales of our product licenses, support and other services, his bonus plan was designed to reward him for specific achievements in these areas. Under Mr. Zolfaghari s bonus plan for 2009, he was eligible to receive:

- quarterly cash bonus awards determined by multiplying 0.50% by our core operating income for each quarter in 2009; and
- an annual cash bonus award determined by multiplying 0.75% by the increase in the value of our maintenance contracts worldwide between the end of 2008 and the end of 2009.

For 2010, the CEO established a bonus plan for Mr. Zolfaghari that is identical in all material respects to Mr. Zolfaghari s bonus plan for 2009, except that the bonus amounts will be based on our core operating income for 2010 and the increase in the value of maintenance contracts between 2009 and 2010. We believe that this plan is appropriate because it links a significant portion of Mr. Zolfaghari s compensation to financial metrics that reflect his sales performance and that are tied to the Company s earnings.

Discretionary Cash Bonuses

The compensation of Messrs. Bansal, Klein, Thede and Bedell in 2009 and 2010 included discretionary cash bonus arrangements based on the CEO s subjective evaluation of the individual s performance in the context of

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general economic and industry conditions and Company performance. In evaluating the individual s performance and determining the bonus amount, the CEO takes into consideration the achievement of various strategic and financial objectives by each of these executives and the target bonus amount that was previously established. In setting target bonus amounts, the CEO considers his expectations for the business department headed by each executive officer and the executives potential for achieving the expectations. We believe that a discretionary cash bonus arrangement is an appropriate mechanism for rewarding and motivating Messrs. Bansal, Klein, Thede and Bedell because each of these executives is responsible for, among other things, strategic objectives that cannot always be measured by traditional financial metrics. These strategic objectives include managing and building department infrastructure, hiring key personnel to support our domestic and international operations, supporting our worldwide sales and services activities and developing corporate policies, controls, and procedures. Since Mr. Locke was not employed by the Company at the time of determination of the discretionary bonus amounts, he did not receive a discretionary cash bonus with respect to 2009.

In 2009, Mr. Klein also received a cash bonus in recognition of his efforts in connection with the sale of our former majority-owned subsidiary Alarm.com Incorporated, which was completed on February 13, 2009.

Performance Incentive Plan

In March 2010, the Compensation Committee adopted a Performance Incentive Plan for employees of the Company and any entities in which the Company may, from time to time, own a direct or indirect controlling interest. The Performance Incentive Plan contemplates the grant of two types of cash bonus awards to participants: (i) a fixed dollar amount determined at the time of grant and (ii) an amount calculated as a percentage of our core operating income with respect to a particular performance period (generally a fiscal year), in each case subject to reduction at the discretion of the administrator of the award for a specified amount of time following the applicable performance period. The Compensation Committee has the authority to grant and administer awards under the Plan that we intend to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code and to grant and administer awards to the CEO. The CEO has the authority to grant and administer other awards under the Plan.

To encourage retention of award recipients, payment of any bonus amount determined under the Performance Incentive Plan with respect to a given performance period generally will occur within 31 days after the third anniversary of the end of the fiscal year in which the performance period occurs, subject to the award recipient being continuously employed during such three-year period and other terms and conditions of the Plan. The total amount paid under the Performance Incentive Plan to any individual award recipient may not exceed $1,500,000 in any fiscal year.

If an award recipient dies, becomes disabled or retires in a circumstance that would constitute a qualifying retirement under the Plan before the completion of the performance period of the award, the award recipient would be eligible to receive a pro rata portion of the cash bonus amount pertaining to the award based on the number of months of the award recipient s employment with respect to such performance period (rounded down to the nearest whole month). If such an event occurs after the completion of the performance period of the award, but prior to the payment date of the award, the award recipient would be eligible to receive the full bonus amount pertaining to the award. In either case, payment of the bonus amount will occur on the applicable payment date of such award.

Bonus amounts may be reduced or recouped by us, in whole or in part, in the event the award administrator determines that the award recipient has engaged in fraud or misconduct. The award administrator may also reduce a bonus amount payable to a recipient, in whole or in part, if we experience a financial restatement and a previously determined bonus amount payable under an award is greater than it would be if such amount were determined based on the restated financial statement.

Since the last tranches of MicroStrategy stock options granted to executive officers vested in 2008, our CEO granted fixed dollar bonus awards to Messrs. Bansal, Klein, Thede, Zolfaghari and Bedell under our Performance

Incentive Plan in April 2010 in order to continue to motivate and retain them and to reward them for their individual performance and Company performance in 2009. The CEO made a subjective determination that an amount cumulatively representing approximately 3% of the Company s core operating income for 2009 was an appropriate amount that would help motivate and retain these executive officers. The CEO then allocated this amount among these individuals based on his subjective evaluation of the individual performance of each officer in the context of general economic and industry conditions and Company performance, taking into account the scope of the executive s responsibilities, his employment and compensation history with us, overall compensation arrangements and long-term potential to enhance stockholder value. The Compensation Committee, acting upon the recommendation of the CEO, granted to Messrs. Bansal, Klein, Thede, Zolfaghari and Bedell awards under our Performance Incentive Plan in March 2010, which are based on a percentage of our core operating income for 2010 and will cumulatively represent approximately 3% of 2010 core operating income. These awards for 2009 and 2010 are subject to the continuous employment requirement and other conditions of the Performance Incentive Plan described in more detail above.

Perquisites and Other Personal Benefits

We provide executive officers with perquisites and other personal benefits that the Compensation Committee and the CEO believe are reasonable and consistent with our overall compensation program. We believe that the relatively low cost of these benefits to us is a reasonable use of our resources. These benefits allow our executives to:

- participate in important Company meetings and other events for which the Company s payment of the expenses of such executives and their guests may result in imputed compensation to such executives for tax purposes;

- maintain appropriate levels of visibility and activity in business, professional and social circles that may benefit our business, as well as enjoying time with friends and family; and

- enhance our ability to retain our executive officers.

We allow executive officers to make personal use of tickets to sporting, charity, dining, entertainment or similar events as well as use of corporate suites, club memberships or similar facilities that we may acquire, which we refer to as the Corporate Development Programs. Such personal use may result in imputed compensation to participating individuals for tax purposes. To the extent personal use results in such imputed compensation to an executive officer, we pay to (or withhold and pay to the appropriate taxing authority on behalf of) such executive officer a tax gross-up in cash, which would approximate the amount of the individual s federal and state income and payroll taxes on the taxable income associated with such personal use of these programs, plus federal and state income and payroll taxes on the taxes that the individual may incur as a result of the payment of taxes by us.

From time to time, our Board of Directors may hold meetings and other related activities in various locations. We pay for specified travel, lodging, food, beverage, entertainment and related expenses on behalf of the participants and their guests. Participation in these activities may result in imputed compensation to participating individuals for tax purposes. To the extent that participation results in such imputed compensation to a participating executive officer, we provide such officer a tax gross-up for taxes he may incur as a result of his participation.

We sponsor an annual trip and related events for sales and service personnel who have met specified performance criteria. We believe that participation by Messrs. Saylor and Zolfaghari in these events is important and beneficial to us because it strengthens their relationship with key sales and services personnel. Accordingly, we have authorized Messrs. Saylor and Zolfaghari, as well as their guests, to attend these events. We pay for specified travel, lodging, food, beverage, entertainment and related expenses on behalf of the participants. Participation in this event may result in imputed compensation to participating individuals for tax purposes. To the extent that participation results in such imputed compensation to a participating executive officer, we provide such officer a tax gross-up for taxes he may incur as a result of his participation. We provide a similar gross-up payment to any other participating employees. We have established a policy that the compensation imputed to Mr. Saylor as a result of this perquisite may not exceed $30,000 in any fiscal year.

In addition, we may hold, host or otherwise arrange events, outings or other similar entertainment functions at which Messrs. Saylor and Bansal are permitted to entertain personal guests and are paid a tax gross-up for taxes they may incur as a result of such event. We have established a policy that the aggregate incremental cost to us of such entertainment activities (to the extent that they are not Corporate Development Programs) attributable to each of Messrs. Saylor and Bansal, including all tax gross-up payments, may not exceed $75,000 in any fiscal year.

We also make available to Mr. Saylor, as CEO, perquisites that are not generally available to other executive officers:

- We pay Mr. Saylor s monthly dues at a private club that offers dining services and hosts business, professional and social community events.

- We provide Company-owned vehicles and a driver to Mr. Saylor. In addition to business use, we have authorized Mr. Saylor to make personal use of the company-owned vehicles and related driving services when such vehicles are not being used for business purposes, and we provide a tax gross-up for taxes he may incur as a result of this personal use. Such arrangements enable Mr. Saylor to make more productive and efficient use of his time for Company business while he is in transit, enhance his personal security and help to preserve Company confidentiality by limiting his use of public transportation such as taxis and limousine rental services.

- For the same reasons that we have authorized Mr. Saylor to make personal use of Company-owned vehicles and related driving services, we permit him to acquire the services of one or more drivers for vehicles other than Company-owned vehicles for personal use, and we provide a tax gross-up for taxes he may incur as a result of this personal use. We have established a policy that the aggregate compensation to Mr. Saylor and any other director or employee of the Company as a result of personal use of such alternative car services, including all tax gross-up payments, together may not exceed $150,000 in any fiscal year.

- We also sublease, at no rental cost, a standard office space at our headquarters building to Alcantara LLC, a company of which Mr. Saylor is the sole member and through which Mr. Saylor conducts personal business activities, and provide a tax gross-up for taxes he may incur as a result of this sublease.

The Compensation Committee periodically reviews the levels of perquisites and other personal benefits provided to the CEO and may adjust, add or eliminate certain perquisites or benefits. The Compensation Committee believes that they are useful in motivating and retaining Mr. Saylor by allowing him to devote additional time to business matters and facilitating his participation in professional and social events that may help develop our business. Similarly, the CEO periodically reviews the levels of perquisites and other personal benefits provided to the other executive officers and may adjust, add or eliminate certain perquisites or benefits.

Determining Compensation

We generally establish in the first quarter of each fiscal year performance-based bonus plans. Determinations regarding the actual payment of bonuses are also generally made in the first quarter of the fiscal year following the year for which the bonuses are being awarded. Determinations regarding adjustments to base salary and to bonus targets are generally made in the second quarter of the fiscal year to the extent not established in the first quarter.

Base Salary

In 2009, the Compensation Committee considered our CEO s base salary and determined to leave Mr. Saylor s base salary of $875,000 unchanged from 2008 in light of adverse macroeconomic conditions. In addition, the CEO considered the base salaries of our other executive officers and also determined to leave their base salaries unchanged from 2008 based on our determination generally not to increase salary levels in 2009 for our employees in light of adverse macroeconomic conditions.

In 2010, the CEO adjusted the base salaries of executive officers as follows:

	Previous Annual Base Salary ($)	Adjusted Annual Base Salary ($)	Effective Date
Sanju K. Bansal	325,000	400,000	January 1, 2010
Jonathan F. Klein	400,000	550,000	January 1, 2010
Douglas K. Thede	350,000	400,000	January 1, 2010
Paul N. Zolfaghari	400,000	450,000	January 1, 2010
Jeffrey A. Bedell	350,000	400,000	January 1, 2010

In making these determinations, the CEO made subjective determinations that these increases in base salary were appropriate, and in so doing considered the following general factors:

- Company performance over the prior several quarters and motivation for continued growth in the future;
- increased job responsibilities of each executive as we continue to expand our business worldwide and adjust our strategic plan for an evolving business environment; and
- the competitive market for talented managers with experience and expertise in the business intelligence and software technology fields.

The CEO considered each executive officer s strengths and abilities in such officer s respective fields, scope of responsibilities, employment and compensation history and such officer s future potential. Each position is unique, not only in function but also in terms of the market norms for compensation and the pool of potential executives that may be available to fill that particular role. Given these unique conditions, determinations regarding base salaries are unique to each executive officer and do not necessarily reflect any comparative judgments. With respect to each of the executive officers other than himself, the CEO conducted a subjective assessment of the executive s individual performance, as measured against various objectives as described above.

Cash Bonuses

On March 12, 2010, the Compensation Committee of the Board of Directors determined a cash bonus award to Mr. Saylor in the amount of $3,354,000 with respect to his performance during the 2009 fiscal year in accordance with the 2009 Saylor bonus plan. The 2009 Saylor bonus plan is based on the Company s diluted earnings per share as was the case with Mr. Saylor s bonus plan with respect to the 2008 fiscal year. Rather than using a single bonus rate as was the case with the 2008 Saylor bonus plan, however, the 2009 bonus formula established the eligible bonus amount using graduated rates based on the Company s achievement of specified levels of earnings. Since the Company s diluted earnings per share in 2009 was significantly higher than in 2008 and the 2009 bonus formula used graduated rates that exceeded the single rate used in the 2008 Saylor bonus plan for diluted earnings per share in excess of $1.00, the bonus paid to Mr. Saylor for 2009 was significantly higher than the bonus paid to him in 2008, consistent with the design of the 2009 Saylor bonus plan and the Compensation Committee s philosophy in establishing the 2009 Saylor bonus plan. The Compensation Committee did not exercise its discretion to award a cash bonus amount lower than the amount calculated using the formula set forth in the 2009 Saylor bonus plan since the amount derived from the formula was consistent with the Compensation Committee s assessment of Mr. Saylor s strong overall performance and the financial performance of the Company in a difficult macroeconomic environment.

Cash bonus awards were made to Mr. Zolfaghari in accordance with his 2009 bonus plan. Mr. Zolfaghari received $545,233 in the aggregate under this plan. The bonus paid to Mr. Zolfaghari was consistent with the design of the 2009 Zolfaghari bonus plan and the CEO s philosophy in establishing the 2009 Zolfaghari bonus plan.

The CEO used a subjective evaluation process, considering our overall performance and achievement of strategic objectives, as discussed earlier, in establishing discretionary bonus awards for Messrs. Bansal, Klein, Thede and Bedell for 2009. For example, the CEO considered that in 2009 we achieved growth in total revenues, continued to show solid operating efficiencies and margins, achieved improvements in income from product support and other services, and enhanced our global capacity by adding talented employees to support our increasing customer base and the increasing levels of sophistication in our customers business intelligence needs and applications. The CEO also considered the contribution of each executive officer to our overall performance and achievement of strategic objectives. As a result of this subjective evaluation process, on February 17, 2010, the CEO determined a cash bonus award with respect to performance in 2009 of $425,000 to Mr. Bansal, $650,000 to Mr. Klein, $350,000 to Mr. Thede, and $425,000 to Mr. Bedell.

The CEO used our core operating income for 2009 and a subjective evaluation process in establishing fixed dollar bonus awards for 2009 for Messrs. Bansal, Klein, Thede, Zolfaghari and Bedell under the Performance Incentive Plan. This subjective evaluation process considered motivation and retention objectives and individual performance in the context of general economic and industry conditions and Company performance, taking into account the scope of the executive s responsibilities, his employment and compensation history with the Company, overall compensation arrangements and long-term potential to enhance stockholder value, as discussed earlier. As a result of this evaluation process, on April 11, 2010, the CEO granted a fixed dollar bonus award with respect to performance in 2009 of $400,000 to Mr. Bansal, $550,000 to Mr. Klein, $350,000 to Mr. Thede, $550,000 to Mr. Zolfaghari and $425,000 to Mr. Bedell. These awards are subject to the continuous employment requirement and other conditions of the Performance Incentive Plan described above.

In addition, on March 31, 2009, the CEO determined a cash bonus in the amount of $150,000 to Mr. Klein in recognition of his efforts in connection with the sale of our former majority-owned subsidiary, Alarm.com Incorporated.

Angel.com Stock Options

On September 17, 2009, the Board of Directors of Angel.com granted options to Messrs. Klein and Thede to purchase 82,500 and 55,000 shares, respectively, of the class A common stock of Angel.com Incorporated, a subsidiary of MicroStrategy Incorporated established in the fall of 2008. We granted equity awards in this subsidiary to Messrs. Klein and Thede because they devote a portion of their time to the affairs of Angel.com and are expected to provide significant contributions to the growth and strategic direction of the Angel.com business. The awards to Messrs. Klein and Thede amount, as of March 10, 2010, to approximately 0.6% and 0.4%, respectively, of the fully diluted equity interests of Angel.com Incorporated. The size of each option award was determined based on the CEO s subjective evaluation of the expected contribution of each executive to growing the value of the Angel.com business, which would benefit MicroStrategy s shareholders generally.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into the Company s Annual Report on Form 10-K for the year ended December 31, 2009.

By the Compensation Committee of the Board of Directors of MicroStrategy Incorporated.

Carl J. Rickertsen

Jarrod M. Patten

Executive Officer Compensation

The compensation information set forth below relates to compensation paid by us to our chief executive officer, chief financial officer, former chief financial officer and our four other most highly compensated executive officers who were serving as executive officers as of December 31, 2009. We refer to these executives collectively as our executive officers.

Summary Compensation Table

The table below sets forth certain information concerning the compensation of the executive officers for the fiscal years ended December 31, 2009, December 31, 2008 and December 31, 2007.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)(2)	Total ($)
Michael J. Saylor	2009	875,000			3,354,000 (3)	484,872	4,713,872
Chairman of the Board, President and Chief Executive Officer	2008	787,500			1,359,704 (4)	548,680	2,695,884
	2007	525,000			1,819,592 (5)	285,392	2,629,984
Sanju K. Bansal	2009	325,000	425,000			5,141	755,141
Vice Chairman of the Board, Executive Vice President, and	2008	291,667	405,000			61,068	757,735
Chief Operating Officer	2007	216,667	375,000			46,477	638,144
Jonathan F. Klein	2009	400,000	800,000	32,381 (6)		5,658	1,238,039
Executive Vice President, Law & General Counsel	2008	383,333	620,000			8,312	1,011,645
	2007	341,667	550,000			2,420	894,087
Douglas K. Thede	2009	268,106	350,000	21,588 (6)		8,608	648,302
Executive Vice President, Finance & Chief Financial Officer							
Paul N. Zolfaghari	2009	400,000			545,233 (7)	19,429	964,662
Executive Vice President, Worldwide Sales & Operations	2008	318,750	50,000		361,507 (8)	27,435	757,692
	2007	262,500			410,305 (9)	5,542	678,347
Jeffrey A. Bedell	2009	350,000	425,000			3,290	778,290
Executive Vice President, Technology & Chief Technology Officer							
Arthur S. Locke, III	2009	127,882				5,528	133,410
Former Executive Vice President, Finance & Chief Financial	2008	383,333	645,000			20,971	1,049,304
Officer (10)	2007	341,667	550,000			6,093	897,760

(1) Amounts shown represent the aggregate grant date fair value in respect of options to purchase shares of class A common stock of Angel.com Incorporated (Angel.com), a subsidiary of the Company, granted to

the specified executive officers in the pertinent fiscal year, calculated in accordance with FASB ASC Topic 718, Compensation Stock Compensation . See Note 9, Share-Based Compensation, to the Company s consolidated financial statements set forth in the Company s Form 10-K for the year ended December 31, 2009, for the assumptions made in determining grant date fair values. These amounts reflect the aggregate grant date fair value for these options and are not intended to represent the value, if any, that is or will be actually realized by the individual.

(2) All Other Compensation includes the value of perquisites and other personal benefits for the executive officer, employer 401(k) plan match, group term life insurance premiums, as well as gross-ups and other amounts reimbursed during the fiscal year for the payment of taxes, but does not include perquisites and other personal benefits for the executive officer if the total value of all perquisites and other personal benefits for such executive officer in a given fiscal year was less than $10,000.

For purposes of the amounts reported in this column:

Sublease refers to the sublease of office space by the Company to Alcantara LLC;

Corporate Development Programs refers to tickets to sporting, charity, dining, entertainment or similar events as well as use of corporate suites, club memberships or similar facilities that the Company may acquire;

Company Vehicles refers to the Company s limousine, sedan and related driving services;

Alternative Car Services refers to services of one or more drivers for vehicles other than a Company-owned vehicle;

Club Dues refers to club dues paid on behalf of Mr. Saylor by the Company;

Entertainment Events refers to parties, outings or other similar entertainment events that we may hold, host or otherwise arrange, for which our payment of the expenses of executive officers and their guests may be deemed compensation to executive officers;

President s Club refers to an annual trip and related events for sales and service personnel who have met specified performance criteria; and

Meeting Activities refers to Board of Directors meetings and other related activities in various locations for which our payment of the expenses of executive officers and their guests may be deemed compensation to executive officers.

See Compensation Discussion and Analysis for further discussion of the benefits referred to in this footnote.

With respect to each individual perquisite or benefit, we report the higher of (i) aggregate incremental cost or (ii) compensation imputed to the executive officer for tax purposes. For each perquisite or benefit other than the Sublease, personal use of the Corporate Development Programs, and 2009 personal use of Company Vehicles, the amounts shown also reflect the aggregate incremental cost to the Company for such perquisite or benefit. We generally calculate aggregate incremental cost to the Company by disregarding fixed costs that the Company has already incurred as a general matter but are necessary to provide the perquisite, and aggregating only the variable costs that the Company incurs as a result of providing the perquisite to the employee.

In determining the aggregate incremental cost of providing the Sublease, we aggregated costs such as office supplies, telephone usage, an allocation of administrative expenses, office machines such as copiers, and additional utilities. We did not include any expense for furniture used from our pre-existing supply, office building rent that we incur regardless of whether we sublease the one office provided to Alcantara LLC, the value of a parking space provided in our building that we are allocated regardless of whether we sublease the office to Alcantara LLC, network infrastructure that we make available in our building generally, or the administration fee that we incur generally regardless of whether we sublease the office to Alcantara LLC.

In determining the aggregate incremental cost of providing personal use of Corporate Development Programs, we aggregated costs such as (x) additional event tickets purchased for the individual making personal use and his personal guests and (y) a portion of food service expenses incurred in connection with Corporate Development Programs based on the percentage of use attributable to such individual s personal use. We did not include any expense that the Company incurred to lease facilities or to purchase annual ticket subscriptions for business entertainment that the Company subsequently made available for personal use.

With respect to the aggregate incremental cost of Mr. Saylor s personal use of Company Vehicles, we included in the aggregate incremental cost calculation the entire annual cost to the Company of the vehicles and related driving services, regardless of the fact that such vehicles are generally available for Company business use when not being used by Mr. Saylor.

The following table shows the amounts of individual perquisites, other personal benefits, and certain other compensation that are reported in the aggregate as All Other Compensation in the Summary Compensation Table.

All Other Compensation Table

		Perquisites and Other Personal Benefits									Additional All Other Compensation		
Name	**Year**	**Sublease ($) (a)**	**Company Vehicles ($) (b)**	**Alternative Car Services ($)**	**Club Dues ($)**	**Corporate Development Programs ($) (c)**	**Entertain-ment Events ($)**	**President Club ($)**	**Meeting sActivities ($)**	**Miscellan-eous ($)**	**Employer 401K plan Match ($)**	**Life Insurance Premiums ($)(d)**	**Tax Reimburs-ement ($)(e)**
Michael J. Saylor	2009	12,087	125,615	57,800	2,213	50,123		12,965	18,514		3,000	240	202,315(f)
	2008	15,522	128,995	38,944	1,839	76,722	26,699	17,923	17,541			240	224,255(g)
	2007	15,144	54,638		1,762	60,433	26,716	18,247		407(h)		255	107,790(i)
Sanju K. Bansal	2009	N/A	*	*	*	*	*	*	*	*	3,000	240	1,901
	2008	N/A				5,244	26,699		3,215			240	25,670(j)
	2007	N/A					26,716					255	19,506(k)
Jonathan F. Klein	2009	N/A	*	*	*	*	*	*	*	*	3,000	240	2,418
	2008	N/A	*	*	*	*	*	*	*	*	*	240	8,072
	2007	N/A	*	*	*	*	*	*	*	*	*	255	2,165
Douglas K. Thede	2009	N/A											