

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): August 11, 2020

MICROSTRATEGY INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-24435
(Commission
File Number)

51-0323571
(I.R.S. Employer
Identification No.)

1850 Towers Crescent Plaza
Tysons Corner, Virginia
(Address of principal executive offices)

22182
(Zip Code)

Registrant's telephone number, including area code: (703) 848-8600

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Trading Symbol | Name of Each Exchange on which Registered |
|--|----------------|---|
| Class A common stock, par value \$0.001 per share | MSTR | The Nasdaq Global Select Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 8.01. Other Events.

On August 11, 2020, MicroStrategy Incorporated (the “Company,” “we,” or “us”) issued a press release announcing that the Company has purchased 21,454 bitcoins at an aggregate purchase price of \$250.0 million, inclusive of fees and expenses (the “BTC Investment”). A copy of this press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

On August 11, 2020, the Company also issued a press release announcing that the Company has commenced a “modified Dutch Auction” tender offer to purchase up to \$250.0 million in value of shares of its issued and outstanding class A common stock, or such lesser number of shares as are properly tendered and not properly withdrawn, at a price not greater than \$140.00 nor less than \$122.00 per share. A copy of this press release is attached as Exhibit 99.2 to this Current Report on Form 8-K.

In connection with the BTC Investment, the Company is supplementing the risk factors previously disclosed in its Quarterly Report on Form 10-Q for the three months ended June 30, 2020 (the “Q2 2020 Form 10-Q”) with the following risk factors. These risk factors should be read in conjunction with the risk factors included in the Q2 2020 Form 10-Q.

Our financial results and the market price of our class A common stock may be affected by the prices of Bitcoin (“BTC”)

As part of our capital allocation strategy for assets that are not required to provide working capital for our ongoing operations, we made an investment of \$250.0 million in BTC in the third quarter of 2020. The price of BTC has historically been subject to dramatic price fluctuations and is highly volatile. Moreover, digital assets, such as BTC, are relatively novel and the application of securities laws and other regulations to such assets is unclear in many respects. It is possible that regulators may interpret laws in a manner that adversely affects the liquidity or value of BTC.

Any decrease in the fair value of BTC below our carrying value for such assets could require us to incur an impairment charge, and such charge could be material to our financial results for the applicable reporting period, which may create significant volatility in our reported earnings. Any decrease in reported earnings or increased volatility of such earnings could have a material adverse effect on the market price of our class A common stock. In addition, the application of generally accepted accounting principles in the United States with respect to BTC remains uncertain in some respects, and any future changes in the manner in which we account for our BTC assets could have a material adverse effect on our financial results and the market price of our class A common stock.

In addition, if investors view the value of our class A common stock as dependent upon or linked to the value or change in the value of our BTC holdings, the price of BTC may significantly influence the market price of our class A common stock.

If we or our third-party service providers experience a security breach or cyberattack and unauthorized parties obtain access to our BTC assets, we may lose some or all of our BTC assets and our financial condition and results of operations could be materially adversely affected

Security breaches and cyberattacks are of particular concern with respect to our investment in BTC. While we hold the bulk of our BTC assets with established cryptocurrency custodians, a successful security breach or cyberattack could result in a partial or total loss of our BTC assets in a manner that may not be covered by insurance or indemnity provisions of our custody agreements with those custodians. Such a loss could have a material adverse effect on our financial condition and results of operations.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|------------------------|---|
| 99.1 | <u>Press release, dated August 11, 2020, announcing Bitcoin investment</u> |
| 99.2 | <u>Press release, dated August 11, 2020, announcing commencement of issuer tender offer</u> |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 11, 2020

MicroStrategy Incorporated
(Registrant)

By: /s/ W. Ming Shao

Name: W. Ming Shao

Title: Senior Executive Vice President & General Counsel

Contact:

Brian Denyeau, Investor Relations
 ICR for MicroStrategy Incorporated
 (703) 848-8600
 ir@microstrategy.com

Michael Bizovi, VP Corporate Communications
 MicroStrategy Incorporated
 (703)-744-3373
 mbizovi@microstrategy.com

MicroStrategy Adopts Bitcoin as Primary Treasury Reserve Asset

TYSONS CORNER, Va., August 11, 2020 — MicroStrategy® Incorporated (Nasdaq: MSTR), the largest independent publicly-traded business intelligence company, today announced that it has purchased 21,454 bitcoins at an aggregate purchase price of \$250 million, inclusive of fees and expenses. The purchase of Bitcoin cryptocurrency was made pursuant to the two-pronged capital allocation strategy previously announced by the company when it released its second quarter 2020 financial results on July 28, 2020.

The company addressed the first prong, which called for returning a portion of its excess cash to shareholders, when it announced today that it had launched a cash tender offer for up to \$250 million of MicroStrategy's class A common stock via a modified Dutch Auction offer. By acquiring 21,454 bitcoins, MicroStrategy addressed the other prong of its capital allocation strategy, which called for investing up to \$250 million in one or more alternative investments or assets.

“Our investment in Bitcoin is part of our new capital allocation strategy, which seeks to maximize long-term value for our shareholders,” said Michael J. Saylor, CEO, MicroStrategy Incorporated. “This investment reflects our belief that Bitcoin, as the world’s most widely-adopted cryptocurrency, is a dependable store of value and an attractive investment asset with more long-term appreciation potential than holding cash. Since its inception over a decade ago, Bitcoin has emerged as a significant addition to the global financial system, with characteristics that are useful to both individuals and institutions. MicroStrategy has recognized Bitcoin as a legitimate investment asset that can be superior to cash and accordingly has made Bitcoin the principal holding in its treasury reserve strategy.”

Mr. Saylor continued, “MicroStrategy spent months deliberating to determine our capital allocation strategy. Our decision to invest in Bitcoin at this time was driven in part by a confluence of macro factors affecting the economic and business landscape that we believe is creating long-term risks for our corporate treasury program — risks that should be addressed proactively. Those macro factors include, among other things, the economic and public health crisis precipitated by COVID-19, unprecedented government financial stimulus measures including quantitative easing adopted around the world, and global political and economic uncertainty. We believe that, together, these and other factors may well have a significant depreciating effect on the long-term real value of fiat currencies and many other conventional asset types, including many of the assets traditionally held as part of corporate treasury operations.”

In considering various asset classes for potential investment, MicroStrategy observed distinctive properties of Bitcoin that led it to believe investing in the cryptocurrency would provide not only a reasonable hedge against inflation, but also the prospect of earning a higher return than other investments. Mr. Saylor articulated the opinion, “We find the global acceptance, brand recognition, ecosystem vitality, network dominance, architectural resilience, technical utility, and community ethos of Bitcoin to be persuasive evidence of its superiority as an asset class for those seeking a long-term store of value. Bitcoin is digital gold – harder, stronger, faster, and smarter than any money that has preceded it. We expect its value to accrete with advances in technology, expanding adoption, and the network effect that has fueled the rise of so many category killers in the modern era.”

A leader in the business intelligence space, MicroStrategy has a 30-year history of anticipating technology trends. MicroStrategy was one of the first companies in the enterprise business intelligence software sector. It was a pioneer in Relational Analytics, Web Intelligence, and Mobile Intelligence and has most recently invented HyperIntelligence® – zero click insights that can be embedded in applications to make them smarter, faster, and stronger.

In 2012, Mr. Saylor wrote “The Mobile Wave,” addressing the impact mobile computing would have on business, consumer, and political behavior and the implications of the rise of Apple, Google, Facebook, Amazon, and Twitter. MicroStrategy believes the world is entering “The Virtual Wave” – a rapid dematerialization of products, services, and processes enabled by advances in technology and catalyzed by the COVID crisis. MicroStrategy believes digital transformation has quickened amid rapidly shifting market requirements. These dynamics have many corporations rethinking their offerings, operations, and systems, as well as their balance sheets and financial strategies.

“MicroStrategy remains focused on its corporate strategy of operating a growing profitable business intelligence company, serving some of the largest most respected institutions worldwide. This strategy includes seeking to grow its revenue through its HyperIntelligence, Cloud Intelligence, and Embedded Intelligence offerings, a refreshed go-to-market focused on simplified products and pricing, and a cloud-first platform-as-a-service focus. MicroStrategy’s goal of generating long-term operating income and free cash flow has also led it to adopt a new capital allocation strategy. MicroStrategy believes that buying \$250 million in Bitcoin will provide it the opportunity to earn better returns and preserve the value of our capital over time compared to holding cash. Our corporate strategy and two-pronged capital allocation strategy are designed to benefit shareholders, customers, partners, and employees,” said Phong Le, President & CFO, MicroStrategy Incorporated.

About MicroStrategy Incorporated

MicroStrategy (Nasdaq: MSTR) is the largest independent publicly-traded business intelligence company, with the leading enterprise analytics platform. Our vision is to enable Intelligence Everywhere™. MicroStrategy provides modern analytics on an open, comprehensive enterprise platform used by many of the world’s most admired brands in the Fortune Global 500. Optimized for cloud and on-premises deployments, the platform features HyperIntelligence, a breakthrough technology that overlays actionable enterprise data on popular business applications to help users make smarter, faster decisions.

MicroStrategy, HyperIntelligence, and Intelligence Everywhere are either trademarks or registered trademarks of MicroStrategy Incorporated in the United States and certain other countries. Other product and company names mentioned herein may be the trademarks of their respective owners.

Forward-Looking Statements

This press release includes statements that may constitute “forward-looking statements,” including estimates of future business prospects and financial results, expectations as to future returns on Bitcoin, the future value of Bitcoin, and the characteristics and utility of Bitcoin in future periods, and statements containing the words “believe,” “estimate,” “project,” “expect,” or similar expressions. Forward-looking statements inherently involve risks and uncertainties that could cause actual results of MicroStrategy Incorporated and its subsidiaries (collectively, the “Company”) to differ materially from the forward-looking statements. Factors that could contribute to such differences include: the historical price volatility of Bitcoin; uncertainty regarding the regulatory treatment of Bitcoin under various securities, commodities, and other regulatory regimes; the potential for significant impairment charges to the Company’s earnings in the event of a decrease in the price of Bitcoin and resulting volatility in the Company’s reported assets and earnings; the potential for security breaches or other cyberattacks that could result in a partial or total loss of the Company’s Bitcoin assets; and other risks detailed in the Company’s registration statements and periodic reports filed with the Securities and Exchange Commission. The Company undertakes no obligation to update these forward-looking statements for revisions or changes after the date of this release.

Contact:

Brian Denyeau, Investor Relations
 ICR for MicroStrategy Incorporated
 (703) 848-8600
 ir@microstrategy.com

Michael Bizovi, VP Corporate Communications
 MicroStrategy Incorporated
 (703)-744-3373
 mbizovi@microstrategy.com

**MicroStrategy Announces Commencement of Modified Dutch Auction
 Tender Offer to Purchase Up to \$250 Million of Its Class A Common Stock**

TYSONS CORNER, Va., August 11, 2020 — MicroStrategy® Incorporated (Nasdaq: MSTR) (“MicroStrategy”), the largest independent publicly-traded business intelligence company, today announced that it commenced a “modified Dutch Auction” tender offer to purchase up to \$250 million in value of shares of its issued and outstanding class A common stock, par value \$0.001 per share (each, a “Share,” and collectively, “Shares”), or such lesser number of Shares as are properly tendered and not properly withdrawn, at a price not greater than \$140.00 nor less than \$122.00 per Share, to the seller in cash, less any applicable withholding taxes and without interest. The tender offer is made in accordance with the terms and subject to the conditions described in the offer to purchase, the related letter of transmittal and other related materials, as each may be amended or supplemented from time to time.

The closing price of the Shares on The Nasdaq Global Select Market on August 10, 2020, the last full trading day before the commencement of the tender offer, was \$123.62 per Share. The tender offer is scheduled to expire at 5:00 P.M., New York City time, on September 10, 2020, unless the offer is extended or terminated.

MicroStrategy believes that the repurchase of Shares pursuant to the tender offer is consistent with its capital allocation strategy and goal of maximizing value for its stockholders. Furthermore, MicroStrategy believes that the tender offer represents a more productive use of its cash. MicroStrategy believes that the modified Dutch auction tender offer also provides its stockholders with the opportunity to tender all or a portion of their Shares, and thereby receive a return of some or all of their investment in MicroStrategy, if they so elect.

The tender offer is not conditioned on any minimum number of Shares being tendered. However, the tender offer is subject to a number of other terms and conditions, which are described in detail in the offer to purchase. Specific instructions and a complete explanation of the terms and conditions of the tender offer are contained in the offer to purchase, the related letter of transmittal and other related materials, which will be mailed to stockholders of record promptly after commencement of the tender offer.

None of MicroStrategy, the members of its Board of Directors, the dealer manager, the information agent or the depositary, or any of their respective affiliates, makes any recommendation as to whether any stockholder should participate or refrain from participating in the tender offer or as to the purchase price or purchase prices at which stockholders may choose to tender their Shares in the tender offer.

The information agent for the tender offer is Georgeson LLC. The depositary for the tender offer is American Stock Transfer & Trust Co., LLC. The dealer manager for the tender offer is Morgan Stanley & Co. LLC. **For all questions relating to the tender offer, please call the information agent, Georgeson LLC, toll-free at 1 (866) 828-4304; banks and brokers may call the dealer manager, Morgan Stanley & Co. LLC at 1 (855) 483-0952.**

About MicroStrategy Incorporated

MicroStrategy (Nasdaq: MSTR) is the largest independent publicly-traded business intelligence company, with the leading enterprise analytics platform. Our vision is to enable Intelligence Everywhere™. MicroStrategy provides modern analytics on an open, comprehensive enterprise platform used by many of the world's most admired brands in the Fortune Global 500. Optimized for cloud and on-premises deployments, the platform features HyperIntelligence®, a breakthrough technology that overlays actionable enterprise data on popular business applications to help users make smarter, faster decisions.

MicroStrategy, Intelligence Everywhere, and HyperIntelligence are either trademarks or registered trademarks of MicroStrategy Incorporated in the United States and certain other countries. Other product and company names mentioned herein may be the trademarks of their respective owners.

Additional Information Regarding the Tender Offer

This press release is for informational purposes only. This press release is not a recommendation to buy or sell Shares or any other securities of MicroStrategy, and it is neither an offer to purchase nor a solicitation of an offer to sell Shares or any other securities of MicroStrategy. MicroStrategy will be filing today a tender offer statement on Schedule TO, including an offer to purchase, a related letter of transmittal and other related materials, with the United States Securities and Exchange Commission (the "SEC"). The tender offer will only be made pursuant to the offer to purchase, the related letter of transmittal and other related materials filed as part of the issuer tender offer statement on Schedule TO, in each case as may be amended or supplemented from time to time. Stockholders should read carefully the offer to purchase, the related letter of transmittal and other related materials because they contain important information, including the various terms of, and conditions to, the tender offer. Stockholders will be able to obtain a free copy of the tender offer statement on Schedule TO, the offer to purchase, the related letter of transmittal and other related materials that MicroStrategy will be filing with the SEC at the SEC's website at www.sec.gov. In addition, free copies of these documents may be obtained by contacting Georgeson LLC, the information agent for the tender offer, toll-free at 1 (866) 828-4304.

Forward-Looking Statements

This press release may include statements that may constitute "forward-looking statements," including statements regarding the timing of commencement, expiration and closing of the tender offer, the amount and the pricing of the tender offer and other terms and conditions of the tender offer and statements containing the words "believe," "estimate," "project," "expect" or similar expressions. Forward-looking statements inherently involve risks and uncertainties that could cause actual results of MicroStrategy Incorporated and its subsidiaries (collectively, the "Company") to differ materially from the forward-looking statements. Factors that could contribute to such differences include: the extent and timing of market acceptance of MicroStrategy's new offerings, including MicroStrategy 2020; impacts of the COVID-19 pandemic; the Company's ability to recognize revenue or deferred revenue through delivery of products or satisfactory performance of services; continued acceptance of the Company's other products in the marketplace; fluctuations in tax benefits or provisions; the timing of significant orders; delays in or the inability of the Company to develop or ship new products; customers shifting from a product license model to a cloud subscription model; competitive factors; general economic conditions; currency fluctuations; and other risks detailed in the Company's registration statements and periodic reports filed with the SEC. The Company undertakes no obligation to update these forward-looking statements for revisions or changes after the date of this release.