THE 20 0 MAPINFO ANNUAL REPORT



CORPORATE PROFILE

MapInfo is a global company and leading software and data provider. MapInfo provides location-based solutions and services that help businesses better understand their customers and markets and gain a competitive advantage. The cornerstone of all MapInfo solutions is location information. With it, MapInfo helps its customers find, grow and serve their customers. The Company's target markets are telecommunications/wireless, CRM, public sector and e-business. With more than 700 employees worldwide, MapInfo's global footprint includes subsidiaries in Canada, the United Kingdom, Germany, Australia and Japan; distribution relationships throughout Europe and Asia; and a worldwide network of channel partners.

MapInfo was founded in 1986 and went public in 1994. With its partners and customers around the world, MapInfo is part of the fast-growing business intelligence market—a market forecast to grow at 35% annually and to reach \$11.6 billion by 2002. The Company is also moving into the emerging wireless Web market where the opportunity for mobile services is estimated to be \$38 billion by 2003.

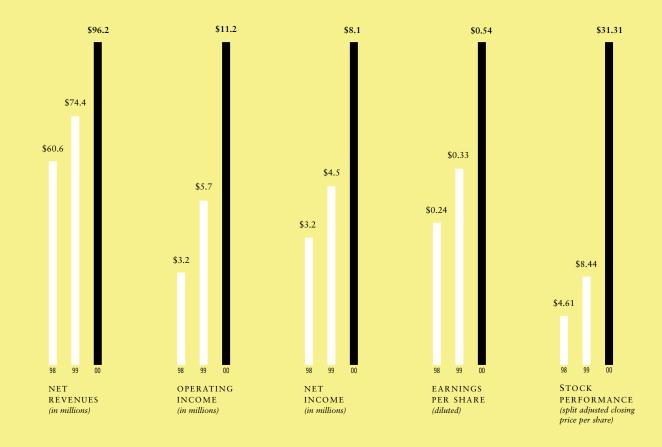
MapInfo Corporation (Nasdaq: MAPS) www.mapinfo.com

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FINANCIAL HIGHLIGHTS

YEARS ENDED IN SEPTEMBER 30,	2000	1999	1998
NET REVENUES	\$96,160	\$74,356	\$60,603
OPERATING INCOME	\$11,185	\$ 5,730	\$ 3,174
NET INCOME	\$ 8,054	\$ 4,510	\$ 3,181
EARNINGS PER SHARE (DILUTED)	\$ 0.54	\$ 0.33	\$ 0.24
CASH FLOW FROM OPERATIONS	\$19,166	\$ 9,034	\$ 6,875
STOCKHOLDERS' EQUITY	\$61,818	\$45,804	\$41,714

(in thousands except earnings per share)





MICHAEL D. MARVIN CO-CHAIRMAN

"What we really have now is the excitement of a start-up, but a start-up at an entirely new level."

JOHN C. CAVALIER CO-CHAIRMAN

"MapInfo has reached the \$100 million milestone due primarily to solid leadership, vision, sound management, outstanding execution and commitment to excellence."

TO OUR SHAREHOLDERS

At MapInfo, we are clearly hitting our stride.

Fiscal 2000 was a year of energy, expansion and execution. We moved further into our target markets, entered new high-growth markets, broadened and deepened the penetration of our installed customer base worldwide, enhanced our product offering, and improved our sales organization and distribution capability in key world markets. In all, we successfully delivered on the enterprise/solution strategy we embarked on several years ago.

This year, MapInfo's enabling technology for location-based services gained traction in the marketplace. In the telecommunications sector, almost every business challenge contains the element of location, and companies in this sector recognize MapInfo as a prime source for location-based solutions. As a result, MapInfo has become a standard for the industry, evidenced by the fact that nearly every major telecommunications company in the world uses MapInfo solutions. Our solutions are used across organizations for making decisions about how to build out networks, where to place cell towers or how best to tune them, and how to manage assets to deliver services customers want. The same holds true for retailers, financial institutions and realtors among others. Finding the right answers to where to site a new store or ATM, or what merchandise to place in stores or in distribution centers, is key to their growth and success. In the public sector, we are working with large national agencies and governments, as well as local arms of government, as they move toward online Web-based information



MARK P. CATTINI PRESIDENT AND CHIEF EXECUTIVE OFFICER

"As our new Global Leadership Team takes the helm, we have our blueprint for success firmly in hand to guide the Company toward an even higher level of growth in the years ahead."

delivery. And we began working with Internet providers this year for whom routing of goods and services and driving directions to their storefronts emerged as a critical component of their online service offerings. For all these organizations, our value proposition remains the same—we translate location into better business decisions and competitive advantage.

Our financial results for fiscal year 2000 provide solid evidence of the growing demand for our solutions. We reached nearly \$100 million in revenue by generating a steady flow of new and repeat orders, including seven customers in key industries signing multiyear contracts in excess of \$1 million. A significant factor and competitive advantage in securing long-term commitment from our major customers is our full suite of data solutions that we now have for telecommunications and other service industries. This also led to the largest single order in the Company's history this year—\$5.9 million over a three-year period.

Revenue growth of 29%, combined with excellent cost management, resulted in a 95% increase in operating income. We improved our operating profit margin by four percentage points to 11.6%, exceeding the 10% goal we set for the year, and earnings per share increased 64% to \$0.54 per post-split share.

Our success in 2000 was driven in large measure by outstanding execution across the globe, especially in the Americas. This resulted from the steps we took to put into practice a market-driven approach to product development over the past 18 months in combination with record performance by the Americas sales force. In particular, the field sales

organization, by working more closely with our partners, who are skilled in our target industries and knowledgeable about customers, achieved record sales and record productivity levels.

Our history of innovation and superior technology remains one of our core competencies. We have always known how to deliver product to market, but this year we took a step back and examined our product portfolio from the customer's perspective. This led us to a much more market-driven approach to product development. We formalized a Product Review Board to ensure that we were bringing to market the right solutions for our customers; enhanced our approach to customers by organizing sales and marketing into industry teams; and appointed corporate account managers for our key customers.

The nearly \$100 million in revenues we reached this year is a solid platform for us to take MapInfo to the next level by accelerating our growth on a worldwide basis over the next few years.

The products and solutions we launched this year reflect this shift in our strategy. Noteworthy examples include: the introduction of a Java-based version of MapInfo® Coverage Locator™ for the telecommunications sector; the introduction of the MapInfo® Routing J Server for organizations that want to develop customized routing applications; and the unveiling of our MapInfo® MapXtend™ technology for mobile handheld devices.

We are bringing more solutions to market built on four key components: (1) mapping or visualization; (2) geocoding or pinpointing a location on a map; (3) routing and driving directions; and (4) data, including demographics and industry and boundary data. These, combined with customized services and our expertise in spatial data management, enable us to deliver the right solutions to the right customers at the right time. Evidence that our customers value our comprehensive approach is seen in shortened sales cycles with new customers, expansion of our base of reference accounts and an increase in the number of repeat sales within a customer's organization.

Our Global Leadership Team is committed to ensuring that each of our major geographies has a comprehensive product portfolio and all the necessary resources for growth in their markets. To do this, we will use our success in the Americas as a blueprint, adapting as needed to local market conditions.

In addition, we will form revenue producing partnerships in key growth sectors, while building on our existing alliances with leading database, Internet and data providers. This is a very real opportunity for us today with our broadened solution set which we will expand and support on a worldwide scale.

Looking ahead, we are pursuing opportunities in wireless by positioning MapInfo as the "power behind location-based services" for mobile devices. The wireless world is an emerging new medium that holds a great deal of potential for us globally because it builds on our core competencies; innovative, technical excellence; and our installed base in the telecommunications sector. It is an opportunity for us to extend our proven capabilities in delivering location-based services anywhere, anytime, and on any device.

We are working with potential partners to flesh out our offerings for this market as it expands and develops over the next several years. These include major infrastructure companies and wireless carriers across the globe, most of whom are MapInfo customers today. As these carriers determine the optimum business model for offering location-based services, we believe MapInfo is well positioned to participate with them in this explosive new market opportunity.

Following 15 quarters of increasing revenues and profitability, MapInfo is ready to accelerate its growth on a worldwide basis over the next few years. We have the foundation in place—the people, organization, products, expertise, seasoned management, partners and customers—to succeed and deliver increasing value to our shareholders, customers and employees.

Our success this year is rooted in our commitment to our customers, innovation and fiscal responsibility. We have participated in high growth markets while remaining profitable, and we intend to continue along this path.

Last year, we said the best was yet to come. We delivered on that promise and, as we go forward, reaffirm that promise.

CO-CHAIRMAN

CO-CHAIRMAN

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John C. Cavolier Joh Cath

PRESIDENT AND CHIEF EXECUTIVE OFFICER

By 2003, it is estimated that there will be 1 billion mobile phones in use globally and that the market for mobile services will reach \$38 billion.

—JP Morgan Securities and International Data Corporation

VISUALIZE DATA

DECIBEL PLANNER® FOR MAPINFO

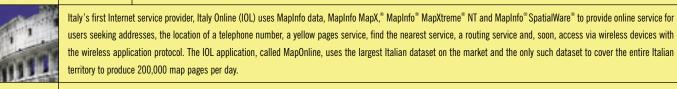
MAPINFO MAPX®

SEE PATTERNS

LOCATE CUSTOMERS

	ITALY ONLINE
-	Halida Coat lateou

ONLINE LOCATION FINDER



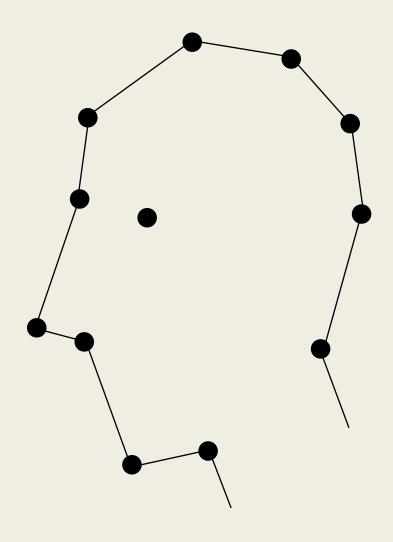
"We are proud to be able to provide a one-of-a-kind online location finder for anyone in the world to locate even the most remote village in any region of Italy simply by pointing and clicking on the country map." —Orazio Rinaldi, CSH, MapInfo partner and MapOnline developer

Location. Location. Location. At the core of our customers' use of MapInfo solutions is the capability to map or visualize critical location information about their markets and customers to more easily understand relationships and trends. Our customers in telecommunications have integrated this capability into their core business processes. NETBEAM, a premiere wireless Internet solutions provider, performs detailed market analysis based on demographic information and purchasing behavior, views the competitive landscape and focuses on potential markets, identifies and visualizes network buildout, conducts radio frequency propagation to determine where to place cell towers and accurately predicts fixed wireless coverage. A long-time MapInfo user, TÉLÉBEC MOBILITÉ, a northern Quebec wireless service provider of cellular, paging and radio systems, facilitates its increasingly rapid network buildout optimally and cost effectively.

In retail, TOYOTA MOTOR CORPORATION AUSTRALIA is increasing sales with an online mapping system that allows dealers to better identify and target potential customers while also providing Toyota's national operation with a comprehensive view of the performance of state and regional offices and individual dealers.

Governments around the world are doing the same. The U.S. NATIONAL CANCER INSTITUTE implemented its Web-based cancer atlas this year, allowing citizens to easily create customized, thematic maps showing geographic patterns of cancer rates for more than 40 types of cancer throughout the country. Also this year, METRIA, the commercial arm of Sweden's National Mapping Agency, was instrumental in increasing MapInfo's already strong presence in the City of Gothenburg, an early adopter and citywide user of MapInfo technology to manage municipal services.

DEMOGRAPHICS AND OTHER DATA



MAPINFO® TARGETPRO®

MAPINFO® MAPINSIGHT™

MAPINFO® TELECOM BOUNDARIES

MAPINFO® CALLINGAREAINFO™

MAPINFO® DRIVETIME™

PROFILE CUSTOMERS ANALYZE CLUSTERS PREDICT BEHAVIORS

AMES DEPARTMENT STORES

SITE ANALYSIS AND SELECTION



Using Maplinfo® TargetPro,® Ames identifies new store sites by analyzing a proposed location's population density, the age and income of the population, the ratio of homeowners to renters, average family size and other information that profiles the site area. Ames also looks at the sales performance of its existing stores to determine where the majority of each store's business comes from. Using the quantitative TargetPro data, Ames is able to systematically evaluate the likely investment consequences of its expansion program decisions.

"I can take a clinical look at supply and demand for potential locations. The demand side is based on population counts, while the supply side is whoever might compete with our store. Where these functions intersect is where my analysis takes place, determining how good a fit there would be between our store and the population base."

—Bill Renton, Ames market research director

Birds of a feather do flock together. By helping our customers profile their customers against location-based demographic clusters, they can better predict their current customers' buying patterns in specific locales and identify prospects with similar characteristics in new markets. Building on our industry-leading mapping, geocoding and routing technologies, MapInfo provides a significant level of dynamic, location-based content, including street and industry boundaries, related information such as yellow page content and "live" traffic patterns or problems and demographic cluster profiling. Using MapInfo's value-added demographic profiling data in combination with their corporate data, customers can determine the market potential of a geographic area or customer segment. This comparison helps them to understand their customers and markets better.

MapInfo's robust visual and analytic applications allow organizations to identify and locate their best customers and then find prospects just like them. MERRY MAIDS uses MapInfo daily in the analysis of franchise territories in order to maintain a balanced demographic profile on its customers for existing franchise areas and for the systematic planning of future market expansion. AFC ENTERPRISES, which operates CHURCH'S CHICKEN and POPEYES CHICKEN & BISCUITS as well as other food chains, determines optimal new site locations.

As a major telecommunications company and the leading provider of prepaid calling cards, PT 1 COMMUNICATIONS needed a solution that would save it time and improve the accuracy of local calling area research. MapInfo® CallingAreaInfo™ allows it to view and analyze different calling areas and the corresponding exchange, improving customer service, market penetration and business intelligence decisions.

MAPINFO® MAPMARKER®

MAPINFO® MAPMARKER® PLUS

MAPINFO® MAPMARKER® J SERVER

MAPINFO® MAPMARKER® UK

MAPINFO® MAPMARKER® GERMANY

MAPINFO® GEOLOC

PINPOINT LOCATIONS IDENTIFY OPPORTUNITIES

AT&T GROWTH AND GLOBAL MARKETS

NEW BUSINESS OPPORTUNITIES

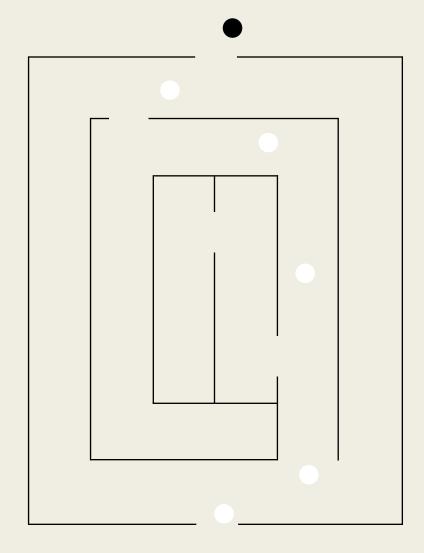


AT&T provides local, long distance, data Internet-access and wireless services to 80 million customers worldwide. The "Attack" application was successfully deployed in 1999 to the \$7 billion Growth Markets unit, focused on the highly competitive, medium-sized business market. In 2000, Attack's use was expanded to the \$9 billion Global Markets unit, which services AT&T's largest customers. MapInfo® MapXtreme® now delivers maps to a sales force responsible for more than half of AT&T Business Services revenue, allowing the sales force to quickly identify and target new business opportunities.

"By putting customers on the map, Attack allows Growth sales to locate opportunities in assigned territories and allows Global sales to locate all its customers' sites nationwide. Our customers don't come to us, we must connect to them in order to provide our services—customer location relative to our network facilities is a critical part of the sales picture."—Andrew Griffin, AT&T Business Services Sales, development manager

Knowing where is just the beginning. Accurately locating customers allows businesses to understand not only where customers are but also what is nearby. This improves the speed and quality of service calls, makes targeted mailings to customers more effective, and increases customer satisfaction. MapInfo's powerful geocoding technology allows addresses to be converted into exact latitude and longitude pairs to pinpoint locations. Using MapInfo's geocoding engine, businesses correct customer addresses and other location information about their customers and manage this location information along with other customer data to make faster, better decisions, and to find, grow and serve their customers more effectively.

FOUND INC., an e-infrastructure solution provider for multichannel retailers and localized e-commerce, utilizes MapInfo geocoding to allow customers to search a retailer's Web site for outlet-specific inventory information and initiate transactions that are completed and fulfilled at their local store. QUEST DIAGNOSTICS, the nation's leading provider of clinical testing, information and services with facilities across the United States, allows people to find the nearest location via its Web-based application. California-based VECTIV provides technology solutions to enable businesses to more effectively acquire and manage strategic real estate assets. These powerful solutions rely on accuracy when it comes to the locations of customers, assets and services. Without the precise pinpointing of addresses, involved location-based services could not be delivered.



MAPINFO® ROUTING J SERVER $MISITES^{{\scriptscriptstyle TM}}$ $MIDIRECTIONS^{\,\text{\tiny TM}}$

ROUTE PERSONNEL FIND THE NEAREST GET DRIVING DIRECTIONS

SYDNEY OLYMPICS

EFFICIENT ROUTING AND DELIVERY



With MapInfo Professional,* the Sydney Organizing Committee for the Olympic Games (SOCOG) created hundreds of maps for the longest torch relay in the history of the modern games. The Olympic Torch Relay covered 16,740 miles in 100 days and traversed Australia by road, railway and boat. The torch route was designed to ensure that more than 85 percent of the Australian population was within a one-hour drive of the chosen route, which passed through 1,000 towns. In addition, TNT Express used MapInfo to map more than 5,500 delivery routes to deliver Olympic tickets to more than 400,000 Australian homes.

"We couldn't have created the torchbearer selection process without MapInfo and CDATA96, and it was invaluable as a backup for picking up discrepancies in the information in our database..."

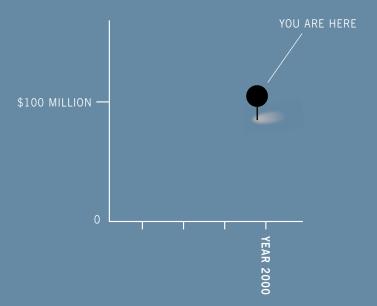
—Ant Burnett, SOGOC torch relay mapping and IT specialist

A straight line is indeed the shortest distance between two points.

But it's seldom available for determining the shortest and quickest route to a customer or facility. To provide service industries with a competitive advantage, MapInfo delivers accurate routing and turn-by-turn driving directions as integral components of our solutions. By adding driving directions to its Web site, EZDIRECTORY.COM enables its Web customers to find the nearest specialist of their choice and receive door-to-door driving directions to business locales. CHAC, INC., a private organization administering the Chicago Housing Authority's U.S. Housing and Urban Development funded subsidized housing program, strives to be the nation's model for all Section 8 subsidized programs. CHAC uses MapInfo technology to automatically schedule annual inspections and route its 30 inspectors to Chicago's 27,000 subsidized units.

Routing information will soon be commonplace. MapInfo's routing technology is particularly important to the wire-less industry, for as location changes the dynamics of the route changes. And, as the world becomes more and more mobile, MapInfo's routing technologies will become more and more important to organizations. MapInfo's routing applications can be deployed over the Internet for consumers, who can be directed by a "click site" to a "brick site", or over secure intranets for such strategic applications as service dispatch and routing delivery fleets. Deployed throughout an organization or beyond to consumers, anyone with a Web browser or mobile device can access the information he or she needs.

FINANCIAL RESULTS



| FINANCIAL CONTENTS

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SELECTED FINANCIAL DATA	MANAGEMENT'S DISCUSSION AND ANALYSIS	INCOME STATEMENTS	BALANCE SHEETS	STATEMENTS OF STOCKHOLDERS' EQUITY	STATEMENTS OF CASH FLOWS	NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Selected Financial Data

Years Ended September 30, (In thousands, except earnings per share)	2000	1999	1998	1997	1996
INCOME STATEMENT DATA:					
Net revenues	\$96,160	\$74,356	\$60,603	\$47,393	\$41,532
Cost of revenues	20,953	15,642	13,573	9,737	9,360
Gross profit	75,207	58,714	47,030	37,656	32,172
Operating expenses:					
Research and development	14,514	11,253	10,231	9,020	6,984
Selling and marketing	36,984	31,538	25,606	22,864	19,565
General and administrative	12,524	10,193	8,019	7,036	5,688
Total operating expenses	64,022	52,984	43,856	38,920	32,237
Operating income (loss)	11,185	5,730	3,174	(1,264)	(65)
Other income, net	1,599	978	1,150	931	975
Income (loss) before provision for income taxes	12,784	6,708	4,324	(333)	910
Provision for (benefit from) income taxes	4,730	2,198	1,143	(338)	203
Net income	\$ 8,054	\$ 4,510	\$ 3,181	\$ 5	\$ 707
EARNINGS PER SHARE:					
Basic	\$ 0.60	\$ 0.35	\$ 0.24	\$ 0.00	\$ 0.06
Diluted	\$ 0.54	\$ 0.33	\$ 0.24	\$ 0.00	\$ 0.05
WEIGHTED AVERAGE SHARES OUTSTANDING:					
Basic	13,499	12,915	13,111	13,100	12,805
Diluted	14,879	13,606	13,354	13,304	13,196
CONSOLIDATED BALANCE SHEET DATA:					
Total assets	\$89,719	\$66,799	\$59,531	\$51,042	\$49,091
Long-term obligations, less current portion	\$ —	\$ —	\$ —	\$ —	\$ 17

Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

MapInfo designs, develops, licenses, markets and supports software and data products, application development tools and industry-focused solutions, together with a range of consulting, training and technical support services. These products and services enable organizations to correlate, visualize and analyze location-based information in their corporate databases and to deploy applications throughout their organizations. Enterprise applications using MapInfo's integrated suite of software and data products allow organizations to use location to transform information into better business intelligence.

Results of Operations for 2000, 1999 and 1998

NET REVENUES

DOLLARS IN THOUSANDS)

	2000	Change	1999	Change	1998
Software and data products	\$87,946	29%	\$68,169	21%	\$56,154
Services	8,214	33%	6,187	39%	4,449
Net revenues	\$96,160	29%	\$74,356	23%	\$60,603

In 2000, revenues increased \$21.8 million or 29% to \$96.2 million. Of the increase, approximately \$13.0 million was attributable to increased unit sales of data products and approximately \$6.8 million was attributable to increased unit sales of software products. The strong growth in both data and software revenues was mainly attributable to the increased demand for MapInfo solutions, which frequently include software and data products. Included in the \$13.0 million increase in data revenues mentioned above is \$2.5 million of revenues from the sale of telecommunications data products acquired in the December 1998 acquisition of On Target Mapping (discussed below). Services revenues increased due to higher utilization rates in the consulting services groups in the Americas and Europe. On a geographic basis, revenues increased approximately 45%, 10% and 14% in the Americas, Europe and Asia-Pacific, respectively. Excluding the effects of foreign currency devaluation, Europe and Asia-Pacific revenues would have increased 16% and 18%, respectively. In total, the devaluation of certain foreign currencies reduced 2000 growth by approximately \$1.9 million or 3 percentage points.

In 1999, revenues increased \$13.8 million or 23% to \$74.4 million. Approximately \$8.9 million of the increase was attributable to increased unit sales of data products. The strong growth in data revenues resulted from \$3.0 million of revenues from the December 1998 acquisition of On Target Mapping; a \$1.0 million increase in revenues from The Data Consultancy (discussed below); and increased demand for the Company's data products in the Americas and Australia. Software revenues increased by \$3.2 million, and services revenue increased by \$1.7 million and reflects a 39% increase over the prior year services revenue. This is mainly the result of higher revenue production from the consulting and developer services groups in the Americas and Europe. On a

geographic basis, revenues increased approximately 30% in the Americas and 27% in Europe. Asia-Pacific revenues decreased 9%, primarily due to lower revenues from Japan, partially offset by increases in China and Australia revenues.

The Americas represented 60%, 54% and 51% of Company revenues in 2000, 1999, and 1998, respectively. Europe represented 29%, 33% and 32% and Asia-Pacific represented 11%, 13% and 17% of Company revenues in 2000, 1999, and 1998, respectively.

The Company's operating results are affected by exchange rates. Approximately 26%, 31% and 31% of the Company's revenues were denominated in foreign currencies in 2000, 1999 and 1998, respectively.

COST OF REVENUES

(DOLLARS IN THOUSANDS)

	2000	Change	1999	Change	1998
Cost of revenues	\$20,953	34%	\$15,642	15%	\$13,573
Percentage of net revenues	21.8%		21.0%		22.4%

Cost of revenues as a percentage of net revenues increased by 0.8 percentage points in 2000. As a result, the gross profit margin decreased to 78.2% in 2000 from 79.0% in 1999. The gross profit margin decrease was mainly attributable to the increase in the percentage of data sales, which carry a higher cost of revenues than software products. Data products accounted for 39% of total revenues in 2000 and 33% of total revenues in 1999. In addition, gross profit margin on services improved due to increased utilization of consulting and developer services in revenue contracts.

Cost of revenues as a percentage of net revenues decreased by 1.4 percentage points in 1999. As a result, the gross profit margin increased to 79.0% in 1999 from 77.6% in 1998. The gross profit margin increase was primarily attributable to improved gross profit margin on data product sales due to a shift from selling third-party products to selling the Company's own products. In addition, gross profit margin on services also improved due to increased utilization of consulting and developer services in revenue contracts.

OPERATING EXPENSES

(DOLLARS IN THOUSANDS

	2000	Change	1999	Change	1998
Research and development	\$14,514	29%	\$11,253	10%	\$10,231
Percentage of net revenues	15.1%		15.1%		16.9%
Selling and marketing	\$36,984	17%	\$31,538	23%	\$25,606
Percentage of net revenues	38.5%		42.4%		42.3%
General and administrative	\$12,524	23%	\$10,193	27%	\$8,019
Percentage of net revenues	13.0%		13.7%		13.2%

Research and development. In 2000, research and development (R&D) expenses increased \$3.3 million or 29% over 1999. The increase was primarily attributable to a 24% increase in headcount to support new development initiatives, including the Company's relationship with Oracle Corporation. In 1999, R&D expenses increased \$1.0 million or 10% over 1998. The increase was primarily attributed to a 12% increase in headcount and to higher compensation costs. Research and development headcount increased from 110 at the end of fiscal 1998 to 123 at the end of fiscal 1999 and to 152 at the end of fiscal 2000. As a percentage of net revenues, R&D expenses remained constant in fiscal 2000 as compared with 1999 at 15.1%. Capitalized product development costs were \$286 thousand, \$615 thousand, and \$438 thousand in 2000, 1999 and 1998, respectively. These amounts represented 2%, 5% and 4% of total research and development costs in 2000, 1999 and 1998, respectively.

Selling and marketing expenses. Selling and marketing expenses increased \$5.4 million or 17% in fiscal 2000. The increase in selling and marketing expenses was primarily attributable to a 12% increase in headcount; increased commission and bonus incentives resulting from the strong revenue and earnings performance in 2000; and increased sales and marketing activity in the Asia-Pacific region, particularly in Japan. Selling and marketing expenses increased \$5.9 million or 23% in 1999. The increase in selling and marketing expenses was primarily due to a 15% increase in sales and marketing headcount and a 28% increase in spending on marketing programs in the Americas. The increases in headcount and program spending relate to increased sales and product management activities in the Americas, including those in support of the Company's relationship with Oracle Corporation, and significant increases in sales and marketing activities throughout the Asia-Pacific region. Sales and marketing headcount increased from 170 at the end of 1998 to 195 at the end of 1999 to 218 at the end of 2000. As a percentage of net revenues, selling and marketing expenses declined to 38.5% from 42.4% in 1999.

General and administrative expenses. General and administrative (G&A) expenses increased by \$2.3 million or 23% in 2000. The increase was due to a 20% increase in headcount to support MIS initiatives, higher professional fees and further expansion of the Asia-Pacific region, particularly Japan. Non-cash amortization of intangible assets including goodwill amounted to \$1.2 million in 2000 and \$1.0 million in 1999. General and administrative expenses increased approximately \$2.2 million or 27% in 1999. The increase in G&A expenses was primarily due to an 8% increase in headcount to support expanded operations in Europe, additional MIS headcount, Y2K initiatives throughout the Company, and business development initiatives. In addition, approximately \$600 thousand of the increase is due to additional amortization expense as a result of the acquisitions of The Data Consultancy and On Target Mapping. Non-cash amortization of intangible assets including goodwill amounted to \$1.0 million in 1999 as compared to approximately \$500 thousand in 1998. As a percentage of net revenues, G&A expenses decreased to 13.0% in 2000 from 13.7% in 1999.

OTHER INCOME, NET

(DOLLARS IN THOUSANDS)

	2000	Change	1999	Change	1770
Other income, net	\$1,599	63%	\$ 978	-15%	\$1,150

Other income consisted mainly of interest income of \$1.9 million, \$1.2 million and \$1.5 million in 2000, 1999 and 1998, respectively. Interest income was derived from investment activities. Interest income was offset by foreign currency losses and other expenses, net totaling \$285 thousand, \$231 thousand and \$356 thousand in 2000, 1999 and 1998, respectively.

PROVISION FOR INCOME TAXES

(DOLLARS IN THOUSANDS)

	2000	Change	1999	Change	1998
Provision for income taxes	\$4,730	115%	\$2,198	92%	\$1,143
Effective tax rate	37.0%		32.8%		26.4%

The increase in the 2000 and the 1999 provision for income taxes was primarily attributable to increased pre-tax operating income, increased impact of state taxes and reduced benefit from foreign tax credit.

Financial Condition

The Company's cash and short-term investments totaled \$39.0 million at September 30, 2000, and represented 43% of total assets. The portfolio is invested primarily in short-term, marketable securities. MapInfo has no long-term debt. The Company has a \$10.0 million credit facility with a bank that expires in December 2000. The Company also has a \$10.0 million line of credit with a bank that expires in January 2001. The Company anticipates that the credit facility and the line of credit will be renewed upon expiration for a one-year period on substantially the same terms. There were no outstanding borrowings under either facility at September 30, 2000 or 1999.

In August 2000, the Board of Directors authorized the Company to repurchase from time to time up to \$5.0 million of the Company's Common Stock on the open market or in negotiated transactions. The repurchase program will be in effect during the Company's fiscal year ending September 30, 2001 unless discontinued earlier by the Board of Directors. The Company intends to use any repurchased shares for issuance upon exercise of employee stock options, purchases under the Company's stock purchase plan, or other corporate purposes. Under previous repurchase programs, the Company purchased 104,250 shares for \$2.2 million at an average purchase price of \$20.80 per share in fiscal 2000 and 202,500 shares for \$1.8 million at an average purchase price of \$8.75 per share in fiscal 1999.

Net cash flow from operating activities increased \$10.1 million or 112% to \$19.2 million in fiscal 2000, compared to \$9.0 million in 1999. The increase in net cash flow from operating activities principally consisted of net income, deferred revenue and accounts payable and accrued liabilities, offset by an increase in accounts receivable. Net cash used for investing activities of \$18.7 million

included \$5.2 million for an equity and debt with warrants investment in Alps Mapping Co., Ltd., \$1.0 million for an equity investment in Karttakeskus Oy, \$5.6 million for purchases of computer equipment and property and \$6.1 million in net purchases of short-term investments. Net cash from financing activities was \$3.6 million and consisted of \$5.8 million of proceeds from the exercise of stock options and share issuances under the Company's Employee Stock Purchase Plan offset by \$2.2 million of repurchased shares of common stock.

Management believes existing cash and short-term investments together with funds generated from operations should be sufficient to meet the Company's operating requirements for the next twelve months.

THE ON TARGET COMMUNICATIONS, INC. ACQUISITION

Pursuant to an Asset Purchase Agreement dated December 15, 1998, the Company acquired substantially all of the assets and assumed certain liabilities of On Target Communications, Inc., a Pennsylvania corporation doing business as On Target Mapping. A MapInfo value-added reseller since 1992, On Target Mapping delivers data products and solutions for large telecommunications providers. The purchase price was approximately \$2.2 million in cash, net of cash acquired. In addition, the Company will be obligated to make a contingent cash payment in March 2001, based on the financial performance of On Target Mapping in the two years following the acquisition. The acquisition has been accounted for as a purchase; and, accordingly, the Company has included On Target Mapping's results of operations in the financial statements from the date of acquisition. Intangible assets resulting from the acquisition, including goodwill, are being amortized on a straight-line basis over a period of five years.

INVESTMENT IN ALPS MAPPING CO., LTD.

In March 2000, the Company acquired 16.7% of the outstanding common stock of Alps Mapping Co., Ltd. ("Alps"), a leading data provider headquartered in Nagoya, Japan. The Company invested 100 million Yen (approximately \$1.0 million) to acquire the 16.7% equity position and 400 million Yen (approximately \$3.7 million) in three debt instruments with warrants that could be converted over time into as much as a 51% common stock ownership position. The companies have also executed an operating agreement whereby MapInfo will assist in the development of new data products for the Japanese market and the integration of these products with the full suite of MapInfo software products and solutions. In addition, the Company may be obligated to make a contingent cash payment in October 2004 of up to \$2.0 million to the Company's investment bankers, based on the financial performance of Alps in the four years following the investment. This investment is accounted for under the equity method of accounting.

INVESTMENT IN KARTTAKESKUS OY

In January 2000, the Company paid \$1.0 million for 19.9% of the outstanding common stock of its distributor in Finland, Karttakeskus Oy ("Karttakeskus"), a mapping technology and solutions company. From January 2000 to September 2000 this investment was accounted for under the equity method of accounting. In September 2000, the Company consented to a

merger of Geodata Oy, a Finnish company and Karttakeskus. Geodata Oy is a wholly owned subsidiary of Werner Söderström Osakeyhtiö, a publicly traded Finnish company. The Company's equity ownership in the new company is 10% of the outstanding common stock and accordingly the investment will be accounted for under the cost method of accounting, hereafter.

THE COMPUSEARCH INC. ACQUISITION

Pursuant to an Asset Purchase Agreement executed on November 13, 2000, on December 7, 2000 the Company acquired substantially all of the assets and assumed certain liabilities of Compusearch Inc. ("Compusearch"), a Canadian corporation. Compusearch is a leading provider of micro-marketing segmentation and market analysis solutions in Canada and has been a strategic data partner of the Company since 1998. The purchase price was approximately \$6.3 million in cash. The acquisition will be accounted for as a purchase; and, accordingly, the Company will include Compusearch's results of operations in the financial statements from the date of acquisition. Approximately ninety employees of Compusearch became employees of MapInfo Canada Inc. upon the acquisition.

ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," which establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. In June 2000, SFAS No. 133 was amended by SFAS No. 138 "Accounting for Certain Derivative Instruments and Certain Hedging Activities". Both SFAS No. 133 and SFAS No. 138 are effective for fiscal years beginning after June 15, 2000. Accordingly, the Company will adopt SFAS No. 133 and SFAS No. 138 effective October 1, 2000. The Company does not believe that the adoption of SFAS No. 133 and SFAS No. 138 will have a material effect on the Company's financial position or results of operations.

In December 1999, the SEC issued Staff Accounting Bulletin ("SAB") No. 101 "Revenue Recognition in Financial Statements," which is effective no later than the fourth fiscal quarter of the first fiscal year beginning after December 15, 1999. SAB No. 101 clarifies the SEC's views related to revenue recognition and disclosure. The Company does not believe that the adoption of SAB No. 101 will have a material effect on the Company's financial position or results of operations.

In March 2000, the Financial Accounting Standards Board issued FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation—an interpretation of APB Opinion No. 25" ("FIN 44"). FIN 44 clarifies the application of APB Opinion No. 25 and among other issues clarifies the following: the definition of an employee for purposes of applying APB Opinion No. 25; the criteria for determining whether a plan qualifies as a noncompensatory plan; the accounting consequences of various modifications to the terms of previously fixed stock options or awards; and the accounting for an exchange of stock compensation awards in a business combination. The Company adopted FIN 44 effective July 1, 2000.

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Outlook: Issues and Risks

This Annual Report on Form 10-K contains forward-looking statements. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes," "anticipates," "plans," "expects," and similar expressions are intended to identify forward-looking statements, including statements as to the sufficiency of funds to meet operating requirements for the next 12 months. The following important factors, among others, could cause actual results to differ materially from those indicated by forward-looking statements made in this Annual Report on Form 10-K and presented elsewhere by management from time to time. In addition to the other information in this Annual Report on Form 10-K, the following issues and risks, among others, should be considered in evaluating MapInfo's outlook and future.

New products and technological change. The mapping software and information business is characterized by extremely rapid technological change, evolving industry standards, and frequent new product introductions. These conditions require continuous expenditures on product research and development to enhance existing products and to create new products. The Company believes that the timely development of new products and continuing enhancements to existing products is essential to maintain its competitive position in the marketplace. During recent years, the Company introduced a number of new products, including SpatialWare®, TargetPro™, deciBel Planner™, MapXsite®, MapXtreme™ and MapInfo MapX®. The Company also recently began undertaking broad initiatives in wireless and CRM applications. The Company's future success depends, in part, upon customer and market acceptance of these new products and initiatives. Any failure to achieve acceptance of these and other new product offerings could have a material adverse effect on the Company's business and results of operations.

There can be no assurance that the Company will successfully complete the development of new or enhanced products or successfully manage transitions from one product release to the next.

Competition. The Company encounters significant competition in the market for business mapping systems worldwide. Some of the Company's competition may have significant name recognition, as well as substantially greater capital resources, marketing experience, research and development staffs and production facilities than the Company. Increased competition may lead to pricing pressures that could adversely affect the Company's gross margins. Prices of software in Europe and Asia are generally higher than in the Americas to cover localization costs and higher costs of distribution. Such price uplifts could erode in the future.

Reliance on third parties. The Company relies in part on strategic partners and independent developers for the development of certain specialized software and data products that MapInfo licenses and markets. Failure by such strategic partners or independent developers to continue to develop such products, or changes in the contractual arrangements with such strategic partners or

independent developers, could have a material adverse effect on the Company's business and results of operations.

Risks associated with international operations. Revenues outside the Americas represented approximately 40% of total Company revenues in fiscal 2000. The international portion of the Company's business is subject to a number of inherent risks, including the difficulties in building and managing international operations, reliance on financial commitments from certain international distributors, difficulties in localizing products and translating documentation into foreign languages, fluctuations in import/export duties and quotas, and regulatory, economic, or political changes in international markets. The Company's operating results are also affected by exchange rates. Approximately 26% of the Company's revenues were denominated in foreign currencies during fiscal 2000. Changes in international business conditions could have a material adverse effect on the Company's business and results of operations.

Prices. Future prices the Company is able to obtain for its products may decrease from previous levels depending upon market or competitive pressures or distribution channel factors. Any decrease could have a material adverse effect on the Company's business and results of operations.

Intellectual property rights. The Company regards its software as proprietary and attempts to protect it with a combination of copyright, trademark and trade secret laws, employee and thirdparty non-disclosure agreements, and other methods of protection. Despite these precautions, it may be possible for unauthorized third parties to copy certain portions of the Company's products, reverse engineer or obtain and use information the Company regards as proprietary. In addition, the Company's shrink-wrap licenses, under which the Company licenses its products, may be unenforceable under the laws of certain jurisdictions. Also, the laws of some foreign countries do not protect the Company's proprietary rights to the same extent as the laws of the United States. Any misappropriation of the Company's intellectual property could have a material adverse effect on the Company's business and results of operations. Furthermore, there can be no assurance that third parties will not assert infringement claims against the Company in the future with respect to current or future products. Any such assertion could require the Company to enter into royalty arrangements or result in costly litigation.

Cost of revenues. Cost of revenues varies with the mix of technology development and licensing fees, product revenues, and services revenues, as well as with the distribution channel mix. Changes in the revenue mix, as well as the distribution model, may affect cost of revenues as a percentage of net revenues in the future.

Risks associated with distribution channels. The Company primarily markets and distributes its products in North America, Europe and Australia through the Company's telesales, outside sales force and through third-party resellers. In the rest of the Asia-Pacific region, the Company's products are marketed and distributed

through exclusive and non-exclusive distribution relationships. The Company has limited control over resellers and distributors that are not employees of the Company. There can be no assurance that the Company will be able to retain its current resellers and distributors, that the resellers and distributors will perform to the Company's expectations, or that the Company will be able to expand its distribution channels by entering into arrangements with new resellers and distributors in the Company's current markets or in new markets.

Variability of quarterly operating results. The Company's quarterly operating results may vary significantly from quarter to quarter, depending upon factors such as the introduction and market acceptance of new products and new versions of existing products, the ability to reduce expenses, and the activities of competitors. Because a high percentage of the Company's expenses are relatively fixed in the near term, minor variations in the timing of orders and shipments can cause significant variations in quarterly operating results. The Company operates with little or no backlog and has no long-term contracts, and substantially all of its product revenues in each quarter result from software licenses issued in that quarter. Accordingly, the Company's ability to accurately forecast future revenues and income for any period is necessarily limited.

Potential volatility of stock price. There has been, and will likely continue to be, significant volatility in the market price of securities of technology companies. Factors such as announcements of new products by the Company or its competitors, quarterly fluctuations in the Company's financial results or other software companies' financial results, shortfalls in the Company's actual financial results compared to results previously forecasted by stock market analysts, and general conditions in the software industry and conditions in the financial markets could cause the market price of the Common Stock to fluctuate substantially. These market fluctuations may adversely affect the price of the Company's Common Stock.

Risks associated with acquisitions and investments. The Company has made a number of acquisitions and investments and will continue to review future acquisition opportunities. No assurances can be given that acquisition candidates will continue to be available on terms and conditions acceptable to the Company. Acquisitions involve numerous risks, including, among other things, possible dilution to existing shareholders, difficulties and expenses incurred in connection with the acquisitions and the subsequent assimilation of the operations and services or products of the acquired companies, the difficulty of operating new businesses, the diversion of management's attention from other business concerns and the potential loss of key employees of the acquired company. In the event that the operations of an acquired business do not meet expectations, the Company may be required to restructure the acquired business or write-off the value of some or all of the assets of the acquired business. There can be no assurance that any acquisition will be successfully integrated into the Company's operations.

Reliance on attracting and retaining key employees. The Company's continued success will depend in large part on its ability to attract and retain highly qualified technical, managerial, sales and marketing, executive, and other personnel. Competition for such personnel is intense. There can be no assurance that the Company will be able to continue to attract or retain such personnel. Loss of key personnel or changes in management could have an adverse impact on the Company.

Quarterly Financial Information (unaudited)

This information has been derived from unaudited quarterly consolidated financial statements that, in the opinion of management include all normal recurring adjustments necessary for a fair presentation of such information. The operating results for any quarter are not necessarily indicative of results for any future period.

(Amounts in thousands,	Fisca	al Year 2000	Quarter End	led	Fis	scal Year 199	9 Quarter E	nded
except earnings per share)	Dec. 31, 1999	Mar. 31, 2000	June 30, 2000	Sept. 30, 2000	Dec. 31, 1998	Mar. 31, 1999	June 30, 1999	Sept. 30, 1999
Net revenues	\$21,019	\$23,470	\$24,665	\$27,006	\$16,145	\$18,028	\$19,012	\$21,171
Cost of revenue	4,542	5,013	5,036	6,362	3,560	3,943	3,801	4,338
Gross profit	16,477	18,457	19,629	20,644	12,585	14,085	15,211	16,833
Operating expenses	15,160	15,705	16,625	16,532	11,975	12,684	13,774	14,551
Operating income	1,317	2,752	3,004	4,112	610	1,401	1,437	2,282
Other income, net	270	478	479	372	258	183	221	316
Income before taxes	1,587	3,230	3,483	4,484	868	1,584	1,658	2,598
Provision for income taxes	585	1,197	1,289	1,659	260	524	531	883
Net income	\$ 1,002	\$ 2,033	\$ 2,194	\$ 2,825	\$ 608	\$ 1,060	\$ 1,127	\$ 1,715
Earnings per share:								
Basic	\$ 0.08	\$ 0.15	\$ 0.16	\$ 0.20	\$ 0.05	\$ 0.08	\$ 0.09	\$ 0.13
Diluted	\$ 0.07	\$ 0.14	\$ 0.15	\$ 0.19	\$ 0.05	\$ 0.08	\$ 0.08	\$ 0.12
Weighted average shares outstanding:								
Basic	13,014	13,301	14,125	13,922	12,848	12,875	12,976	12,962
Diluted	14,171	14,819	15,096	15,207	13,280	13,457	13,703	13,916

Consolidated Income Statements

Years Ended September 30, (In thousands, except earnings per share)	2000	1999	1998
NET REVENUES:			
Products	\$87,946	\$68,169	\$56,154
Services	8,214	6,187	4,449
Total net revenues	96,160	74,356	60,603
Cost of revenues	20,953	15,642	13,573
Gross profit	75,207	58,714	47,030
OPERATING EXPENSES:			
Research and development	14,514	11,253	10,231
Selling and marketing	36,984	31,538	25,606
General and administrative	12,524	10,193	8,019
Total operating expenses	64,022	52,984	43,856
Operating income	11,185	5,730	3,174
Other income, net	1,599	978	1,150
Income before provision for income taxes	12,784	6,708	4,324
Provision for income taxes	4,730	2,198	1,143
Net income	\$ 8,054	\$ 4,510	\$ 3,181
EARNINGS PER SHARE:			
Basic	\$ 0.60	\$ 0.35	\$ 0.24
Diluted	\$ 0.54	\$ 0.33	\$ 0.24
WEIGHTED AVERAGE SHARES OUTSTANDING:			
Basic	13,499	12,915	13,111
Diluted	14,879	13,606	13,354

See accompanying notes.

Consolidated Balance Sheets

September 30, (Dollars in thousands, except share data)	2000	1999
ASSETS		
Current Assets:		
Cash and cash equivalents	\$13,066	\$ 8,996
Short-term investments, at amortized cost	25,957	19,865
Accounts receivable, less allowance of \$1,749 at September 30, 2000 and \$1,686 at September 30, 1999	24,341	19,379
Inventories	491	506
Deferred income taxes	1,108	894
Other current assets	2,320	2,814
Total current assets	67,283	52,454
Property and equipment—net	6,845	4,851
Product development costs—net	667	1,202
Deferred income taxes	2,434	1,157
Intangible assets—net	5,864	5,426
Investments and other assets	6,626	1,709
Total assets	\$89,719	\$66,799
LIABILITIES AND STOCKHOLDERS' EQUITY Current Liabilities:		
Accounts payable	\$ 3,918	\$ 2,621
Accrued liabilities	15,269	11,102
Deferred revenue	8,084	4,915
Income taxes payable	236	1,996
Total current liabilities	27,507	20,634
Deferred revenue, long-term	394	361
Total liabilities	27,901	20,995
Commitments and Contingencies		
STOCKHOLDERS' EQUITY:		
Common stock, \$.002 par value; 25,000,000 shares authorized; 13,952,067 shares issued in 2000 and 13,417,193 shares issued in 1999	28	27
Preferred stock, \$.01 par value; 1,000,000 shares authorized; none issued	_	
Additional paid-in capital	37,372	30,738
Retained earnings	26,282	18,228
Accumulated other comprehensive income	(1,401)	(178)
	62,281	48,815
Less treasury stock, at cost, 18,183 shares in 2000 and 448,463 shares in 1999	463	3,011
Total stockholders' equity	61,818	45,804
Total liabilities and stockholders' equity	\$89,719	\$66,799

See accompanying notes.

Consolidated Statements of Stockholders' Equity

For the Years Ended September 30, 2000, 1999 and 1998	Common Stock	Common Stock and Additional Paid-in Capital	Retained	Accumulated Other Comprehensive	Treas	ury Stock	Total Stockholders'
(Dollars in thousands, except share data)	Shares	Amount	Earnings	Income	Shares	Amount	Equity
BALANCE, SEPTEMBER 30, 1997	13,318,468	\$30,822	\$10,537	\$ 15	184,500	\$ 879	\$40,495
Net income	_		3,181	_	_	_	3,181
Foreign currency translation adjustment	_	_	_	80	_	_	80_
Comprehensive income							3,261
Exercise of options and sale of stock under the Employee Stock Purchase Plan	98,726	54	_	_	(218,462)	(969)	1,023
Treasury shares issued for acquisition	_	96	_	_	(70,497)	(324)	420
Tax benefit from option exercises	_	101	_	_	_	_	101
Purchase of treasury stock					685,350	3,586	3,586
BALANCE, SEPTEMBER 30, 1998	13,417,193	31,073	13,718	95	580,892	3,172	41,714
Net income	_	_	4,510	_	_	_	4,510
Foreign currency translation adjustment	_	_	_	(273)	_	_	(273)_
Comprehensive income							4,237
Exercise of options and sale of stock under the Employee Stock Purchase Plan	_	(494)	_	_	(334,928)	(1,932)	1,438
Tax benefit from option exercises	_	186	_				186
Purchase of treasury stock	_	_		_	202,500	1,771	1,771
BALANCE, SEPTEMBER 30, 1999	13,417,193	30,765	18,228	(178)	448,463	3,011	45,804
Net income	_	_	8,054	_	_	_	8,054
Foreign currency translation adjustment	_	_	_	(1,223)	_	_	_(1,223)
Comprehensive income							6,831
Exercise of options and sale of stock under the Employee Stock Purchase Plan	534,874	1,066	_	_	(534,530)	(4,716)	5,782
Tax benefit from option exercises	ээт,о/т —	5,569	_	_	(331,330)	(1,/10)	5,569
Purchase of treasury stock	_		_	_	104,250	2,168	2,168
BALANCE, SEPTEMBER 30, 2000	13,952,067	\$37,400	\$26,282	\$(1,401)	18,183	\$ 463	\$61,818
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See accompanying notes.

Consolidated Statements of Cash Flows

Years Ended September 30, (Dollars in thousands)	2000	1999	1998
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES			
Net income	\$ 8,054	\$ 4,510	\$ 3,181
Depreciation and amortization	5,307	4,763	4,314
Allowance for doubtful accounts, sales returns and inventory	101	(107)	512
Tax benefit from option exercises	4,323	186	101
Minority interest in losses of investments	91	_	_
Gain on sale of assets	(190)	_	_
Provision for deferred income taxes	(220)	29	(288)
Changes in operating assets and liabilities, net of acquisition:			
Accounts receivable	(6,233)	(3,885)	(5,697)
Inventories	56	130	253
Other current assets	(512)	(1,411)	(280)
Accounts payable and accrued liabilities	6,164	3,011	2,948
Deferred revenue	3,476	791	1,500
Income taxes	(1,251)	1,017	331
Net cash from operating activities	19,166	9,034	6,875
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES			
Additions to property and equipment	(5,640)	(3,309)	(2,884)
Proceeds from sale of assets	501	_	_
Capitalized product development costs	(286)	(621)	(438)
Acquisitions of businesses and technology	_	(5,099)	(2,088)
Short-term investments, net	(6,092)	(6,828)	(6,537)
Long-term investments	(7,199)	187	(1,171)
Net cash used for investing activities	(18,716)	(15,670)	(13,118)
CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES			
Repurchase of common stock for treasury	(2,168)	(1,771)	(3,586)
Proceeds from exercise of stock options and ESPP purchases	5,782	1,438	1,023
Net cash from (used for) financing activities	3,614	(333)	(2,563)
Effect of exchange rates on cash and cash equivalents	6	79	(19)
Net change in cash and cash equivalents	4,070	(6,890)	(8,825)
Cash and cash equivalents, beginning of year	8,996	15,886	24,711
Cash and cash equivalents, end of year	\$13,066	\$ 8,996	\$15,886
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid during the year for:			
Interest	\$ —	\$ —	\$ —
Income taxes	2,220	841	661

See accompanying notes.

Notes to Consolidated Financial Statements

(in thousands, except share data)

1. Summary of Significant Accounting Policies

NATURE OF OPERATIONS

MapInfo designs, develops, markets, licenses and supports software and data products, application development tools, and industry-focused solutions, together with a range of consulting, training and technical support services. These products are sold through multiple distribution channels, including an indirect channel of value-added resellers and distributors, a corporate account sales force, and a telemarketing sales group. The Company's products are translated into 20 languages and sold in 58 countries throughout the world. MapInfo markets its products worldwide through sales offices in North America, Europe and Australia, and throughout the rest of Europe and the Asia-Pacific region through exclusive and non-exclusive distribution relationships.

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of MapInfo Corporation and its wholly owned subsidiaries. Significant intercompany balances and transactions have been eliminated.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For the purpose of the cash flows statements, the Company defines cash and cash equivalents as cash and investments with original maturities of three months or less.

INVENTORIES

Inventories are stated at the lower of cost or market as determined on the average cost method and consist primarily of computer media, user manuals and software packaging supplies.

SHORT-TERM INVESTMENTS

The Company's short-term investments consist of debt securities with maturity dates of one year or less. In accordance with SFAS No. 115, debt securities have been classified in the accompanying consolidated balance sheets as held-to-maturity securities and are reported at amortized cost because the Company has the positive intent and the ability to hold these debt securities to maturity. Market value is determined by quoted market prices.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets (two to seven years) for financial reporting purposes and accelerated methods for tax purposes. When assets are sold, retired, or otherwise disposed of, the applicable costs and accumulated depreciation are removed from the accounts and the resulting gain or loss is recognized.

PRODUCT DEVELOPMENT COSTS

Product development costs, including product enhancements, are capitalized after technological feasibility has been established. These costs are reported at the lower of unamortized cost or net realizable value and are being amortized on a straight-line basis over two to five years, the estimated economic life of the products. Annual amortization under the straight-line method is greater than the ratio of current gross revenue to total expected product revenues method.

INTANGIBLE ASSETS

Intangible assets represent the excess of cost over the fair value of net assets acquired. Intangible assets are being amortized over the estimated lives using the straight-line method over five to ten years. The Company continually evaluates the existence of impairment on the basis of whether the intangible asset is fully recoverable from projected, undiscounted net cash flows of the related business activity.

REVENUE RECOGNITION

Product revenue: Revenue from software and data product licenses and technology development fees is recognized upon the later of shipment of product or completion of significant obligations to customers, provided collectibility of the resulting receivable is probable.

Original Equipment Manufacturer (OEM) Revenue: Revenue from products licensed to original equipment manufacturers is recorded when the product has been shipped and all obligations of the Company have been satisfied, provided collectibility of the resulting receivable is probable.

Value Added Reseller (VAR) Sales: Revenue from product sales to distributors and VAR's is recorded when related products are shipped, provided collectibility of the resulting receivable is probable.

Postcontract customer support (PCS): PCS, inclusive of technical support and maintenance, may be bundled with an initial licensing fee or sold separately. In either case, the fair value of the PCS arrangement is recognized ratably over the term of the agreement, generally over a one to two year period, provided collectibility of the resulting receivable is probable.

Services revenue: Revenue from services such as training and consulting are recognized as the services are performed, provided collectibility of the resulting receivable is probable.

RESERVE FOR RETURNS

The Company as a matter of policy provides the buyer the right to return certain products within a stated period ranging from 30-60 days, for a refund of the purchase price or replacement of the product. Accordingly, the Company accrues for estimated future returns.

ADVERTISING COSTS

The Company expenses all advertising costs as they are incurred.

INCOME TAXES

Deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable for future years to differences between financial statement and tax basis of existing assets and liabilities. The effect of tax rate changes on deferred taxes is recognized in the income tax provision in the period that includes the enactment date.

Business tax credits are recorded by the flow-through method of accounting, whereby they are applied as a reduction of income tax expense in the year the credits are utilized.

FOREIGN CURRENCY

The assets and liabilities of the Company's foreign subsidiaries are translated at year-end exchange rates, and the income statements are translated at the average rates of exchange prevailing during the year. Gains or losses resulting from translating non-U.S. currency financial statements are accumulated in a separate component of stockholders' equity. Gains and losses from foreign currency transactions are included in net income. The Company's exposure to foreign currency risk is mitigated, in part, by the fact that it incurs certain operating costs in the same foreign currencies in which revenues are denominated.

COMPUTATION OF EARNINGS PER SHARE

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 128—"Earnings Per Share", earnings per share is computed using the weighted average number of common and diluted common equivalent shares outstanding during the period. Diluted common equivalent shares consist of stock options using the treasury stock method.

STOCK SPLIT

During January 2000 and September 2000, the outstanding shares of the Company's common stock were split three-for-two, which were effected in the form of stock dividends. All prior share amounts have been restated to reflect the stock splits.

SEGMENT INFORMATION

In 1999, the Company adopted SFAS No. 131—"Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 supercedes SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise." Under the new standard the Company is required to use the "management" approach to reporting its segments. The management approach designates that the internal organization that is used by management for making operating decisions and assessing performance as the source of the Company's segments.

RECENT ACCOUNTING PRONOUNCEMENT

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. In June 2000, SFAS No. 133 was amended by SFAS No. 138 "Accounting for Certain Derivative Instruments and

Certain Hedging Activities". Both SFAS No. 133 and SFAS No. 138 are effective for fiscal years beginning after June 15, 2000. Accordingly, the Company will adopt SFAS No. 133 and SFAS No. 138 effective October 1, 2000. The Company does not believe that the adoption of SFAS No. 133 and SFAS No. 138 will have a material effect on the Company's financial position or results of operations.

In December 1999, the SEC issued Staff Accounting Bulletin ("SAB") No. 101 "Revenue Recognition in Financial Statements," which is effective no later than the fourth fiscal quarter of the first fiscal year beginning after December 15, 1999. SAB No. 101 clarifies the SEC's views related to revenue recognition and disclosure. The Company does not believe that the adoption of SAB No. 101 will have a material effect on the Company's financial position or results of operations.

In March 2000, the Financial Accounting Standards Board issued FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation—an interpretation of APB Opinion No. 25" ("FIN 44"). FIN 44 clarifies the application of APB Opinion No. 25 and among other issues clarifies the following: the definition of an employee for purposes of applying APB Opinion No. 25; the criteria for determining whether a plan qualifies as a noncompensatory plan; the accounting consequences of various modifications to the terms of previously fixed stock options or awards; and the accounting for an exchange of stock compensation awards in a business combination. The Company adopted FIN 44 effective July 1, 2000.

RECLASSIFICATIONS

Certain reclassifications have been made to the 1999 and 1998 amounts to conform with the 2000 presentation.

2. Short-term Investments

At September 30, short-term investments consist of the following:

	2000		1999		
Type of Investment	Amortized Cost	Aggregate market value	Amortized Cost	Aggregate market value	
Municipal bonds	\$10,500	\$10,500	\$10,619	\$10,616	
Commercial paper	15,457	15,457	9,246	9,247	
	\$25,957	\$25,957	\$19,865	\$19,863	

Included in other income, net is interest income of \$1,476, \$1,209 and \$1,506 in 2000, 1999 and 1998, respectively.

A board member of the Company is an officer and shareholder in a financial services firm, which provides investment management advisory and custodial services for the Company. At September 30, 2000, this organization was in custody of \$30,973 of cash and cash equivalents and short-term investments under an investment management agreement. The Company paid investment management fees to this firm of \$47, \$44 and \$42 in 2000, 1999 and 1998, respectively.

3. Property and Equipment

Property and equipment consist of the following:

September 30,	2000	1999
Computer hardware and software	\$15,810	\$13,046
Equipment	697	514
Furniture and fixtures	1,486	981
Leasehold improvements	1,743	1,005
A Total Control	19,736	15,546
Accumulated depreciation and amortization	(12,891)	(10,695)
	\$ 6,845	\$ 4,851

Depreciation and amortization expense for the years ended September 30, 2000, 1999 and 1998 was \$3,074, \$2,963 and \$2,883, respectively.

4. Product Development Costs

Product development costs consist of the following:

September 30,	2000	1999
Product development costs	\$ 5,618	\$ 5,453
Accumulated amortization	_(4,951)	(4,251)
	\$ 667	\$ 1,202

Capitalized product development costs for the years ended September 30, 2000, 1999 and 1998 were approximately \$286, \$615 and \$438, respectively.

Amortization of capitalized product development costs for the years ended September 30, 2000, 1999 and 1998 was approximately \$791, \$685 and \$905, respectively.

5. Intangible Assets

Intangible assets consist of the following:

September 30,	2000	1999
Intangible assets	\$ 8,633	\$ 7,074
Accumulated amortization	(2,769)	(1,648)
	\$ 5,864	\$ 5,426

Amortization of intangible assets for the years ended September 30, 2000, 1999 and 1998 was approximately \$1,236, \$1,034 and \$526, respectively.

6. Investments

ALPS MAPPING CO., LTD.

In March 2000, the Company acquired 16.7% of the outstanding common stock of Alps Mapping Co., Ltd. ("Alps"), a leading data provider headquartered in Nagoya, Japan. The Company invested 100,000 Yen (approximately \$1,000) to acquire the 16.7% equity position and 400,000 Yen (approximately \$3,700) in three debt instruments with warrants that could be converted over time into as much as a 51% common stock ownership position. The companies have also executed an operating agreement whereby MapInfo will assist in the development of new data products for the Japanese market and the integration of these products with the full suite of MapInfo software products and solutions. In addition, the Company may be obligated to make a contingent cash payment in October 2004 of up to \$2,000 to the Company's investment bankers, based on the financial performance of Alps in the four years following the investment. This investment is accounted for under the equity method of accounting.

KARTTAKESKUS OY

In January 2000, the Company paid \$1,000 for 19.9% of the outstanding common stock of its distributor in Finland, Karttakeskus Oy ("Karttakeskus"), a mapping technology and solutions company. From January 2000 to September 2000 this investment was accounted for under the equity method of accounting. In September 2000, the Company consented to a merger of Geodata Oy, a Finnish company and Karttakeskus. Geodata Oy is a wholly owned subsidiary of Werner Söderström Osakeyhtiö, a publicly traded Finnish company. The Company's equity ownership in the new company is 10% of the outstanding common stock and accordingly the investment will be accounted for under the cost method of accounting, hereafter.

THREE D GRAPHICS

On October 21, 1998, the Company invested approximately \$1,000 in Three D Graphics, Inc., a California software company, under a five-year Convertible Promissory Note (the "Note"). The Note bears interest at 10% per annum, payable on a quarterly basis. The Company has the option, at any time prior to October 21, 2003, to convert the outstanding principal amount of the Note into 20% of the then issued and outstanding shares of capital stock of Three D Graphics, Inc. As part of the agreement, the Company also received an option to purchase, on or before October 2, 1999, a majority of the shares of capital stock of Three D Graphics, Inc. The Company did not exercise this option. In addition, under a Technology License Agreement, the Company received a license to bundle Three D Graphics technology with MapInfo's products for a period of five years.

7. Accrued Liabilities

Accrued liabilities consist of the following:

September 30,	2000	1999
Compensation costs	\$ 5,336	\$ 3,533
Royalties	4,331	2,476
Marketing	586	442
Commissions	943	1,127
Value added taxes	1,292	1,228
Other	2,781	2,296
	\$15,269	\$11,102

8. Credit Facilities

The Company has a \$10 million uncollateralized line of credit with a commercial bank, none of which was drawn down at September 30, 2000 or 1999. Interest is at the bank's prime rate. The line of credit expires on January 28, 2001.

The Company also has a revolving convertible credit facility with a commercial bank under which a maximum of \$10 million can be borrowed for a two-year period and then converted into a three-year term loan. Interest is at the bank's prime rate, LIBOR plus 1.5%, or a fixed rate, at the Company's option. The credit facility contains certain financial ratio covenants. None of this credit facility was drawn down at September 30, 2000 or 1999. The facility expires in December 2000.

9. Commitments and Contingencies

OPERATING LEASES:

The Company leases two facilities in the Rensselaer Technology Park totaling approximately 102,000 square feet of office space. These offices house the corporate headquarters, the principal research and development center and the principal sales, marketing and administrative staff for the Americas. These leases contain a nominal escalation in rental payments over the term of the lease, and in addition to monthly lease payments, the Company is responsible for such costs as real estate taxes and maintenance. The Company may acquire these facilities through the termination of these leases at a negotiated purchase price. The leases expire in 2002 and 2006. The Company leases office space of approximately 23,000 square feet in Windsor, England, which houses the European headquarters. The lease on this facility expires in 2012.

Future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of September 30, 2000 decline from \$2,400 in 2001 to \$750 in 2005.

Total rent expense for the years ended September 30, 2000, 1999 and 1998 was approximately \$3,034, \$2,481 and \$2,253, respectively.

10. Income Taxes

Provision for income taxes consists of:

Year Ended September 30,	2000	1999	1998
Current:			
Federal	\$ 3,686	\$ 1,203	\$ 674
State	444	194	112
Foreign	820	749	645
	4,950	2,146	1,431
Deferred income taxes:			
Federal	(182)	171	(161)
State	(75)	(23)	9
Foreign	37	(96)	(136)
	(220)	52	(288)
Provision for income taxes	\$ 4,730	\$ 2,198	\$ 1,143

The provision for income taxes has been reduced for research and development tax credits of approximately \$493, \$523 and \$204 in 2000, 1999 and 1998, respectively. At September 30, 2000, the Company has approximately \$1,482 of research and development tax credit carryforwards, which begin to expire in 2008, approximately \$198 of alternative minimum tax credit carryforwards, which have no expiration date, and approximately \$22 of foreign tax credit carryforwards which begin to expire in 2004. The Company has \$2,795 of state net operating loss carryforwards which begin to expire in 2019.

The provision for income taxes differs from the amount computed by applying the U.S. federal statutory income tax rate of 34% as follows:

Year Ended September 30,	2000	1999	1998
Federal statutory income tax rate	34%	34%	34%
State taxes	4	2	2
Non-U.S. tax rates and other foreign charges	_	(2)	(1)
Tax-exempt investment income	(1)	(2)	(3)
Research and development credit	(4)	(3)	(6)
Intangible asset amortization	2	3	3
Non-deductible expenses and other	2	0.8	(2.6)
	37.0%	32.8%	26.4%

U.S. income before provision for income taxes was \$11,019, \$4,911 and \$3,114 for the years ended September 30, 2000, 1999 and 1998, respectively.

Deferred income taxes recorded in the consolidated balance sheets at September 30, 2000 and 1999 consist of the following temporary differences:

September 30,	2000	1999
Current deferred tax asset:		
Accrued expenses	\$ 599	\$ 433
Bad debt reserve	221	210
Inventory	66	70
Allowance for returns	247	227
Other current assets	(25)	(46)
Net current deferred tax assets	 1,108	894
Long term deferred tax assets (liabilities):		
Capitalized product development costs	(212)	(302)
Tax credit carryovers	1,702	690
Property and equipment	332	470
Accrued expenses	60	82
Intangible assets	246	81
State operating loss	108	_
Other non-current assets	198	136
Net long-term deferred tax assets	2,434	1,157
Net deferred tax assets	\$ 3,542	\$ 2,051

The tax benefit from stock option exercises, reflected as an increase in additional paid-in capital, includes \$1,271 of deferred tax benefit for federal tax credits released from prior years and state operating loss carryforwards.

There are no valuation allowances recorded against the Company's deferred tax assets, as it is more likely than not that all future tax benefits will be realized against future taxable income. However, the amount of deferred tax assets considered realizable could be reduced in the future if estimates of future taxable income are reduced.

11. Stockholders' Equity

EARNINGS PER SHARE

The following represents the basic and diluted earnings per share amounts for the years ended September 30, 2000, 1999 and 1998 in accordance with SFAS No. 128—"Earnings Per Share":

Year Ended September 30,	2000	1999	1998
Net income	\$ 8,054	\$ 4,510	\$ 3,181
Weighted average shares for basic EPS	13,499	12,915	13,111
Effect of dilutive stock options	1,380	691	243
Weighted average shares and assumed exercise of stock options for diluted EPS	14,879	13,606	13,354
Basic EPS	\$ 0.60	\$ 0.35	\$ 0.24
Diluted EPS	\$ 0.54	\$ 0.33	\$ 0.24

TREASURY SHARES

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During the fiscal years ended September 30, 2000 and 1999, the Company repurchased 104,250 shares at a cost of \$2,200 and 202,500 shares at a cost of \$1,800, respectively. To date the Company has repurchased 1,176,600 shares at a cost of \$8,400 of which 1,158,417 shares have been reissued, primarily upon option exercises and under the Company's Employee Stock Purchase Plan. The Company intends to use repurchased shares for issuance upon the exercise of employee stock options, purchases under the Company's employee stock purchase plan, or other corporate purposes.

In August 2000, the Board of Directors authorized the Company to repurchase from time to time up to \$5,000 of the Company's Common Stock on the open market or in negotiated transactions. This repurchase program will be in effect during the Company's fiscal year ending September 30, 2001 unless discontinued earlier by the Board of Directors. The Company intends to use any repurchased shares for issuance upon exercise of employee stock options, purchases under the Company's stock purchase plan, or other corporate purposes.

12. Employee Stock Purchase and Stock Option Plans

EMPLOYEE STOCK PURCHASE PLAN

Under the 1993 Employee Stock Purchase Plan, the Company is authorized to issue up to 1,012,500 shares of common stock to its full-time employees, nearly all of whom are eligible to participate. Under the terms of the plan, shares of the Company's common stock may be purchased at six-month intervals at 85% of the lower of the fair value on the first or last day of each six-month period. Employees may purchase shares having a value not exceeding 10% of their gross compensation during an offering period. During the fiscal years ended September 30, 2000, 1999 and 1998, employees purchased 125,800, 195,134 and 172,490 shares, respectively.

STOCK OPTION PLANS

The Company has stock option plans under which employees, officers, and directors are eligible to participate, which provide for non-qualified and incentive stock options. Typically, options granted under the plans provide for an option exercise price equal to the fair market value at the date of grant. Options granted prior to July 1996 typically vest over 5 years and 1 day and expire 10 years from the date of grant. Options granted after June 1996 typically vest over 4 years and expire 10 years from the date of grant. At September 30, 2000, options for 857,536 shares were vested and 720,708 were available for future grants under the plans.

Stock options outstanding were as follows:

	Outstanding Options		
	Number of Shares	Weighted Average Exercise Price	
Balance, September 30, 1997	2,402,576	\$ 4.29	
Options granted	541,574	5.14	
Options forfeited	(308,677)	4.40	
Options exercised	(144,741)	2.59	
Balance, September 30, 1998	2,490,732	4.56	
Options granted	924,078	6.39	
Options forfeited	(177,073)	4.86	
Options exercised	(139,842)	3.87	
Balance, September 30, 1999	3,097,895	5.12	
Options granted	894,380	14.13	
Options forfeited	(216,579)	6.34	
Options exercised	(939,531)	4.70	
Balance, September 30, 2000	2,836,165	8.01	

For various price ranges, weighted average characteristics of outstanding stock options at September 30, 2000 were as follows:

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number Outstanding at 9/30/00	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at 9/30/00	Weighted Average Exercise Price	
\$0.77 to \$4.39	684,711	5.48	\$ 4.05	397,059	\$ 3.88	
\$4.44 to \$5.56	807,862	7.36	5.20	315,931	4.98	
\$5.67 to \$8.31	790,331	8.59	7.46	115,575	6.47	
\$8.33 to \$27.29	552,286	9.26	17.76	28,971	9.75	
\$28.33 to \$28.33	975	9.93	28.33		_	
	2,836,165	7.62	\$ 8.01	857,536	\$ 4.83	

The Company follows APB Opinion No. 25, "Accounting for Stock Issued to Employees," to account for stock option and employee stock purchase plans. No compensation cost is recognized because the option exercise price is equal to the market price of the underlying stock on the date of grant. Had compensation cost for these plans been determined based on the Black-Scholes value at the grant dates for awards as prescribed by SFAS No. 123, "Accounting for Stock-Based Compensation," pro forma net income and earnings per share would have been:

	2000	1999	1998
Pro forma net income	\$ 5,573	\$ 3,056	\$ 2,059
Pro forma earnings per share (diluted)	\$ 0.37	\$ 0.22	\$ 0.16

The weighted average fair value of options granted under the plans during fiscal years 2000, 1999 and 1998 were \$8.92, \$3.68 and \$3.09, respectively. The weighted average assumptions for the various option plans range from:

	2000	1999	1998
Risk-free interest rate	5.9% to 6.8%	4.1% to 6.0%	4.5% to 5.9%
Expected term	6 months to 6.6 years	6 months to 6.2 years	6 months to 6.3 years
Company's expected volatility	58%	55%	57%
Dividend yield	None	None	None

13. Deferred Compensation Plans

The Company's deferred compensation arrangements consist principally of a 401(k) plan, which covers substantially all U.S.-based employees who have met certain service requirements. Employees may contribute up to 15% of their pretax income and 10% on an after-tax basis (up to the maximum established by the IRS each year) to the plan. Beginning January 1, 2000, the Company may at its option contribute up to \$0.50 for each \$1.00 contributed by a participant to the plan, up to a maximum of 4% of the participant's annual compensation. Deferred compensation expense for the years ended September 30, 2000, 1999 and 1998 was \$548, \$265 and \$240, respectively.

14. Concentration of Credit Risk

The Company's investment portfolio consists of short-term investment grade securities. At September 30, 2000, the Company had \$1,100 in U.S. banks in excess of insured limits and \$737 in uninsured foreign banks. The Company sells a significant portion of its product through third-party distributors.

15. Segment Information

The Company's operations involve the design, development, marketing, licensing and support of software and data products, application development tools, and industry-specific solutions, together with a range of consulting, training and technical support services.

The Company conducts business globally and is managed geographically. The Company's management relies on an internal management accounting system. This system includes revenue and cost information by geographic location. Revenues are attributed to a geographic location based on the origination of the order from the customer. The Company's management makes financial decisions and allocates resources based on the information it receives from this internal system. Based on the criteria set forth in SFAS No. 131, the Company has three reportable segments: the Americas, EAME (Europe, Africa and the Middle East) and Asia-Pacific.

Summarized financial information by segment for 2000, 1999 and 1998, as taken from the internal management accounting system discussed above, is as follows:

September 30,	2000	1999	1998
Revenue:			
Americas	\$58,065	\$40,019	\$30,675
EAME	27,257	24,861	19,540
Asia-Pacific	10,838	9,476	10,388
Total Revenue	\$96,160	\$74,356	\$60,603
Operating income: Americas	\$23,389	\$13,780	\$ 8,703
Operating income:			
EAME	8,201	6,902	5,015
Asia-Pacific	2,764	3,121	5,160
Corporate adjustments	(23,169)	(18,073)	(15,704)
Total operating income	\$11,185	\$ 5,730	\$ 3,174

Depreciation and amortization included in operating income consists of:

Americas	\$ 3,625	\$ 3,158	\$ 2,970
EAME	1,459	1,380	1,079
Asia-Pacific	223	225	265
Total depreciation and amortization	\$ 5,307	\$ 4,763	\$ 4,314

The operating income by segment above differs from the amounts recognized under generally accepted accounting principles because the Company does not allocate certain corporate costs for research and development, marketing, and general and administrative activities to the geographic locations. The table

above reconciles the operating income by segment to operating income as reported on the Income Statements by including such adjustments.

Enterprise-wide information is provided in accordance with SFAS No. 131. Geographic revenue information is based on the ordering location of the customer. Long-lived assets information is based on the physical location of the assets.

The following is revenue and long-lived assets information for geographic locations.

September 30,	2000	1999	1998	
Revenue:				
U.S.	\$56,187	\$38,703	\$ 29,272	
United Kingdom	14,077	12,712	9,515	
All other countries	25,896	22,941	21,816	
Total Revenue	\$96,160	\$74,356	\$60,603	
Long-Lived Assets:				
U.S.	\$10,228	\$ 6,448	\$ 4,039	
United Kingdom	4,303	5,011	4,598	
All other countries	954	770	901	
Total long-lived assets	\$15,485	\$12,229	\$ 9,538	

In 2000, 1999 and 1998 no single customer accounted for 10% or more of the Company's revenues.

16. Acquisitions

ON TARGET COMMUNICATIONS, INC.

Pursuant to an Asset Purchase Agreement dated December 15, 1998, the Company acquired substantially all of the assets and assumed certain liabilities of On Target Communications, Inc., a Pennsylvania corporation doing business as On Target Mapping. A MapInfo value-added reseller since 1992, On Target Mapping delivers data products and solutions for large telecommunications providers. The purchase price was approximately \$2,150, net of cash acquired. In addition, the Company will be obligated to make a contingent cash payment in March 2001, based on the financial performance of On Target Mapping in the two years following the acquisition. The acquisition has been accounted for as a purchase; and, accordingly, the Company has included On Target Mapping's results of operations in the financial statements from the date of acquisition. Intangible assets resulting from the acquisition, including goodwill, are being amortized on a straight-line basis over a period of five years.

17. Subsequent Event

COMPUSEARCH INC.

Pursuant to an Asset Purchase Agreement executed on November 13, 2000, on December 7, 2000 the Company acquired substantially all of the assets and assumed certain liabilities of Compusearch Inc. ("Compusearch"), a Canadian corporation. Compusearch is a leading provider of micro-marketing segmentation and market analysis solutions in Canada and has been a strategic data partner of the Company since 1998. The purchase price was approximately \$6,300 in cash. The acquisition will be accounted for as a purchase; and, accordingly, the Company will include Compusearch's results of operations in the financial statements from the date of acquisition. Approximately ninety employees of Compusearch became employees of MapInfo Canada Inc. upon the acquisition.

Report of Independent Accountants



To the Board of Directors and Stockholders of MapInfo Corporation and Subsidiaries:

In our opinion, the consolidated financial statements listed in the index appearing under Item 14(a) present fairly, in all material respects, the financial position of MapInfo Corporation and its subsidiaries at September 30, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2000, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 14(a) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Albany, New York

October 27, 2000, except for Footnote 17 for which the date is December 7, 2000

Pricewaterhouse Coopers LLP

FORM 10-K AND OTHER INVESTOR INFORMATION

A copy of the Company's Form 10-K filed with the Securities and Exchange Commission and copies of the Quarterly Reports may be obtained without charge by contacting:
Investor Relations
MapInfo Corporation
One Global View
Troy, New York 12180
Telephone: 518.285.6000
Email: investor@mapinfo.com
Web: www.mapinfo.com/investors

ANNUAL MEETING

The Annual Meeting of Shareholders of the Company will be held at 2 p.m. on February 27, 2001, at: The Desmond 660 Albany-Shaker Road Albany, New York 12211

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers LLP Albany, New York

LEGAL COUNSEL

Hale and Dorr LLP Boston, Massachusetts

TRANSFER AGENT AND REGISTRAR

Fleet National Bank c/o EquiServe P.O. Box 8040 Boston, MA 02266-8040 Telephone: 781.575.3120 Web: www.EquiServe.com

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Pictured left to right are: Miriam M. Netter, Esq., George C. McNamee, James A. Perakis, Quinn H. Tran, John C. Cavalier, Mark P. Cattini, Michael D. Marvin, Laszlo C. Bardos and Joni Kahn.

BOARD OF DIRECTORS

John C. Cavalier Co-chairman of the Board

BOARD OF DIRECTORS AND CORPORATE EXECUTIVES

Michael D. Marvin Co-chairman of the Board

Laszlo C. Bardos *Director*

Joni Kahn Co-founder and Chief Customer Officer Brience

George C. McNamee Chairman of the Board and Co-chief Executive Officer First Albany Corporation

James A. Perakis Former Chairman of the Board Hyperion Solutions Corporation

Quinn H. Tran Vice President and General Manager, Worldwide Sales and Marketing Xerox ColorgrafX

CORPORATE OFFICERS

John C. Cavalier Co-chairman of the Board

Michael D. Marvin Co-chairman of the Board

Mark P. Cattini
President and Chief Executive Officer

D. Joseph Gersuk
Executive Vice President and
Chief Financial Officer

Michael J. Hickey Executive Vice President, Worldwide Sales and Marketing

George C. Moon Group Vice President, Research and Development, and Chief Technology Officer

GENERAL COUNSEL AND SECRETARY

Miriam M. Netter, Esq.

GLOBAL LEADERSHIP TEAM

Mark P. Cattini
President and Chief Executive Officer

D. Joseph Gersuk Executive Vice President and Chief Financial Officer

Michael J. Hickey Executive Vice President, Worldwide Sales and Marketing

George C. Moon Group Vice President, Research and Development, and Chief Technology Officer

Bert C. Tobin Group Vice President, Human Resources and Administrative Practices

MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock is listed on the Nasdaq National Market under the symbol MAPS. The table below shows the high and low trading prices of the Common Stock for each period indicated, adjusted to reflect the three-for-two stock split effective January 2000 and the three-for-two stock split effective September 2000.

1999				2000	
Period	High	Low	Period	High	Low
First Quarter	\$ 7.68	\$ 4.08	First Quarter	\$17.78	\$ 7.56
Second Quarter	\$ 7.36	\$ 5.89	Second Quarter	\$30.17	\$15.17
Third Quarter	\$ 9.67	\$ 5.69	Third Quarter	\$32.00	\$15.38
Fourth Quarter	\$ 10.42	\$ 8.28	Fourth Quarter	\$31.88	\$21.00

The Company has never declared or paid cash dividends on its capital stock and currently intends to retain all available funds for use in the operation of its business. The Company does not anticipate paying cash dividends in the foreseeable future.

The approximate number of holders of record of the Company's Common Stock at November 1, 2000 was 467. This number does not include stockholders for whom shares were held in nominee or "street" name.

WORLDWIDE OFFICES

Corporate/Americas

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Troy, New York 12180-8399

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