

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1996-12-30** | Period of Report: **1996-09-30**  
SEC Accession No. **0000950109-96-008731**

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FILER

**MAPINFO CORP**

CIK: **916238** | IRS No.: **061166630** | State of Incorporation: **NY** | Fiscal Year End: **0930**  
Type: **10-K** | Act: **34** | File No.: **000-23078** | Film No.: **96688283**  
SIC: **7372** Prepackaged software

Mailing Address  
*ONE GLOBAL VIEW  
TROY NY 12180*

Business Address  
*ONE GLOBAL VIEW  
TROY NY 12180  
5182856000*

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 10-K

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1996

OR

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

FOR THE TRANSITION PERIOD FROM TO

-----  
Commission File Number 0-23078

MAPINFO CORPORATION  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

-----  
NEW YORK  
(STATE OR OTHER JURISDICTION  
OF INCORPORATION OR ORGANIZATION)

06-1166630  
(I.R.S. EMPLOYER  
IDENTIFICATION NO.)

-----  
ONE GLOBAL VIEW  
TROY, NEW YORK 12180  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES AND ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (518) 285-6000

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SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: Common Stock,  
\$.002 Par Value Per Share

Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports) and (2) has been subject to such  
filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item  
405 of Regulation S-K is not contained herein, and will not be contained, to  
the best of registrant's knowledge, in definitive proxy or information  
statements incorporated by reference in Part III of this Form 10-K or any  
amendment to this Form 10-K

The aggregate market value of the voting stock held by non-affiliates of the

registrant was approximately \$49,893,930 based on the closing price of the Common Stock on the Nasdaq National Market on December 23, 1996.

The number of shares outstanding of the registrant's common stock, \$.002 par value per share as of December 23, 1996 was 5,775,862.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT DESCRIPTION	10-K PART
Specifically Identified Portions of the Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on February 13, 1997.....	III

PART I

ITEM 1. BUSINESS

GENERAL

MapInfo Corporation (the "Company" or "MapInfo") designs, develops, markets, licenses, and supports mapping software products, application development tools, and data products, together with a range of consulting, training and technical support services. These products and services enable business users worldwide to correlate, visualize, and analyze corporate data using the common theme of geography to help solve business problems related to sales and marketing analysis, site selection, asset management, risk analysis, routing and logistics, among others. By overlaying corporate data on any of the thousands of digital maps sold by the Company or its data partners, organizations can use geographic or demographic information as a framework for viewing, interpreting and managing data.

MapInfo's business strategy emphasizes the development of a broad range of mapping software products for business use, marketed through multiple channels of distribution. Products range from stand-alone software for the desktop PC, to development tools for creating custom applications for the PC, client/server, Internet and other networked environments. MapInfo software products operate in a multi-platform environment and permit file sharing of geographic and demographic data across products and platforms. There are currently over 400 third-party applications for use with MapInfo software.

BACKGROUND

In today's business environment, organizations are under constant competitive pressure to acquire and retain customers, reduce costs, and improve operating efficiencies. Many businesses are turning to information technology to meet these challenges, yet in many cases organizations are overwhelmed by the vast amount of data available to them, or have difficulty accessing and organizing data to effectively make decisions. In order to meet their business goals and manage the information overload, many companies are reengineering common business practices by turning to networked systems and distributed computing, and providing information to managers at all levels within an organization.

Using geography as a common theme to manage information has become an increasingly important way to leverage information technology across an organization. A significant amount of all corporate data has a geographic component, such as an address or postal code. By using the geographic component and positioning data on maps according to geographic relationships, mapping software enables users to visualize trends and patterns not previously

recognized and can make such data easier to use and understand. For many businesses, mapping software provides a cost effective solution to improve their decision-making process.

## PRODUCTS AND SERVICES

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The Company offers a range of mapping software and data products, in addition to services that include consulting, training, and technical support for both end users and developers.

## SOFTWARE PRODUCTS

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### MAPINFO PROFESSIONAL 4.1

MapInfo Professional 4.1 is a full-featured, customizable mapping software package for businesses and GIS analysts. It includes a wide range of data visualization, management and analysis tools, plus open database connectivity (ODBC) to directly access corporate databases. It is compatible with Microsoft's OLE technology, allowing MapInfo maps to be easily integrated into other applications. MapInfo Professional can be customized for specific industry uses.

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### MAPINFO DESKTOP

Introduced in March 1996, MapInfo Desktop is a desktop mapping software package for visualizing and analyzing various data types stored on an individual user's computer. MapInfo Desktop contains a subset of MapInfo Professional functionality; it offers an easy migration path to MapInfo Professional for users as their mapping needs become more sophisticated.

### MAPBASIC DEVELOPMENT ENVIRONMENT

The MapBasic Development Environment consists of a BASIC-like programming language and other development tools. It is used by IS organizations and third-party developers to create customized mapping applications for use with MapInfo Professional. MapBasic can be used to extend or focus the functionality of MapInfo Professional, modify the user interface to a specific business need, automate routine operations, and integrate MapInfo Professional with other applications.

### MAPINFO PROSERVER

MapInfo ProServer is a suite of software and developer tools for creating Internet/intranet mapping applications. With MapInfo ProServer, the data and application reside on a server for easy updating and distribution. It allows end users to access mapping through standard Web browsers or other custom interfaces using Internet protocols. Introduced in September 1996, the MapInfo ProServer suite includes MapInfo Professional and MapBasic, in addition to the MapInfo ProServer software.

### MAPINFO MAPX

MapInfo MapX is an OCX component used by developers to embed mapping functionality into new and existing applications. Developers can work from within familiar object oriented development environments such as Visual Basic, PowerBuilder, and Delphi to add a mapping object to an application. End users can access mapping functionality from their familiar business applications created by developers. MapInfo MapX was introduced in November 1996.

### SPATIALWARE

SpatialWare is a suite of technologies that includes all the software components needed to store, access, maintain and manage map and other spatial data in a native Oracle 7.x database system. Capabilities for other relational database management systems (RDBMS) are anticipated to follow. SpatialWare allows map/spatial data and core relational business data to be combined into a single database, providing easy use of both types of data at once in mapping applications. Through SpatialWare, map/spatial data experiences all the benefits that an RDBMS provides for other business data such as data integrity, multi-user access, back-up/recovery, and security. SpatialWare also provides industry standard SQL-based querying and analysis operations. In October 1996, MapInfo purchased an exclusive worldwide license to market SpatialWare technology and an option to acquire the technology. SpatialWare was not marketed by MapInfo in FY 1996.

#### DATA PRODUCTS

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The Company develops and markets a wide range of data products that are used with its mapping software products to enhance an application. The Company's data products fall into three categories:

- . Geocoding products
- . Geographic and demographic information products
- . Software utilities

#### GEOCODING PRODUCTS

Geocoding products assign latitude/longitude coordinates to corporate data containing geographic references so that the data can be accurately placed on a map and analyzed geographically. MapInfo's geocoding products prepare data for use in MapInfo Professional and other mapping applications. MAPMARKER is a geocoding product marketed in the United States. It is available as a client or server-side product, and includes a developer kit for creating customized geocoding solutions to fit into specific business processes, such as point-of-sale applications. MapMarker can batch geocode entire databases or be used interactively to geocode addresses as they are entered. The Company also markets geocoders for use in the United Kingdom and Australia.

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#### GEOGRAPHIC AND DEMOGRAPHIC INFORMATION PRODUCTS

The Company offers a broad line of worldwide geographic and demographic information products for use with MapInfo software. These products compile extensive quantities of data derived from public and private sources. The Company often re-engineers this data, and aesthetically enhances it, so that the resulting data product conforms to MapInfo standards and can be used more effectively with MapInfo software products. The Company typically pays royalties to third parties with respect to sales of data products that are developed by outside sources.

The Company's geographic and demographic data products include the following:

Streets. The Company's street-based data products are based on files available from the United States Census Bureau. The Company's selection of street maps includes streets, highways, water boundaries, railroad tracks, bridges and town boundaries. Address ranges are also included in metropolitan areas. By overlaying any geocoded database with a street address field, a user can display each record as a point in its relative location. In addition to data for the United States, street-level files are available for Canada, Germany, Italy, Belgium, Sweden, the Netherlands, Switzerland, France, Austria, Moscow and St. Petersburg-Russia, Barcelona-Spain, Poland, Japan, Australia, Malaysia, Israel, Mexico, Brazil, Argentina, Chile, Columbia, Venezuela, and Uruguay.

Boundary Files. The Company's boundary maps allow users to shade, color, or add symbols that represent important information or business data contained in these areas. These boundaries include ZIP Code areas, states, counties, census tracts, block groups and Congressional districts in the United States, and other country-specific boundaries such as postcodes, provinces, cantons, landers, and prefectures.

Demographic Data. The Company offers thousands of map-compatible demographic data files for use with MapInfo software. Data available from the Company includes information relating to population, income, retail activity, employment, consumer trends and preferences, lifestyles, manufacturing and other business data, Yellow Pages, and banking and telecommunications data.

Other International Data. The Company offers digital map data with respect to Canada, the European Community, Asia Pacific and other international regions. For example, the Company offers maps showing all Canadian highways, showing European postal code boundaries for 17 countries in Western Europe, and showing prefecture boundaries for China.

The Company relies in part on strategic partners and independent developers for the development of specialized data products that use MapInfo software. Failure by such strategic partners or independent developers to continue to develop such data products could have a material adverse effect on the Company's business and results of operations.

#### SOFTWARE UTILITIES

The Company offers additional software utilities that translate and convert certain types of GIS files for use in MapInfo applications. These utilities allow data from other formats to be registered and used in MapInfo software and allow differing earth coordinate systems to be aligned with each other for accuracy. The Company also offers a translator application programming interface (API) to third parties for their development of data format translators.

#### SERVICES

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The Company's services include consulting, training, and technical support. Consulting services are offered to assist customers in developing, implementing, and maintaining specialized mapping applications. Services include advisory services, such as project planning, project design and management, and code review; and software development services, such as custom programming, application development, and software integration with existing client software or other software applications. The Company charges for these services on a fixed

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fee or per day basis. The Company also offers a Developer Services program to assist its network of value-added resellers in designing and developing applications and in training on new MapInfo products. In addition, the Company provides product technical support and training classes for its customers.

#### PRODUCT DEVELOPMENT

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The software industry is characterized by extremely rapid changes in technology, which requires continuous expenditure on product research and development to enhance existing products and 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. The Company is committed to an open systems, standards-based product architecture to provide software products that can be

integrated into an existing business technical environment and be adaptable as the environment changes.

Most of the Company's software products are developed internally. Internal development allows the Company to maintain close technical control over products in terms of enhancements and modifications based on customer needs, and allows the Company to create a family of products that provide natural migration paths for customers as their mapping needs change.

#### MARKETING & DISTRIBUTION

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The Company has established multiple distribution channels to reach a broad array of industries while simultaneously addressing specific vertical markets. Distribution channels include an indirect channel of value-added resellers and distributors, a corporate accounts sales force, and a telemarketing sales group. The Company has field selling offices in eight locations in North America, three locations in Europe, and three locations in Australia. The Company also has direct sales offices in China, Hong Kong, Taiwan, and Japan.

The Company's direct sales and marketing organization is complimented by a network of corporate partners including resellers, system integrators, and distributors, which purchase the Company's products at a discount for resale and may provide training, consulting services, application development, customization, and data products to end users. Outside North America, distributors are the predominant channel of distribution. These distributors generally build their own value-added reseller network in addition to directly selling data products and consulting services.

The Company also has an established network of strategic alliances with leading software companies including Microsoft, Informix, and Oracle. The Company conducts joint sales and marketing programs and has technology agreements with these companies to integrate mapping into their solutions and gain exposure to a wider range of potential customers.

To build corporate identity and generate demand in support of the sales effort, the Company conducts comprehensive marketing programs, which include advertising, public relations, trade shows, direct mail, MapInfo Magazine, Web-based promotions, and ongoing communications to customers about new products. The Company additionally offers cooperative advertising and other marketing support to its value-added reseller partners. The Company sponsors an annual reseller's conference, which generates communication and support for the reseller network. The Company also sponsors European and Asia Pacific partner conferences, which foster communication and support on an international level.

The Company markets its products to the business mapping market. Until recently, the business mapping market consisted of mapping software applications for the PC. Today, organizations seeking more widespread deployment of critical business applications are demanding mapping solutions for networks, including Internet/intranet and data warehouses. They are also demanding tools that integrate mapping functionality into other applications, and tools to manage complex geo-spatial data. The Company has recently expanded its product offerings beyond the desktop market to the enterprise and Internet/intranet markets. Sales to the enterprise and Internet/intranet markets are directed to different decision makers within customer organizations and require different selling and marketing programs than are used in the desktop market.

#### COMPETITION

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The Company encounters significant competition from various companies offering

mapping software. This includes Environmental Systems Research Institute, Small World, Tactician and others.

INTELLECTUAL PROPERTY

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The Company regards its software as proprietary and attempts to protect it with a combination of copyright, trademark and trade secret laws, employee and third party 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 or reverse engineer or obtain and use information the Company regards as proprietary. While the Company's competitive position may be affected by its ability to protect its proprietary information, the Company believes the trademark and copyright protections are less significant to the Company's success than other factors such as the knowledge and ability and experience of the Company's personnel, name recognition and ongoing product development and support.

The Company supplies MapInfo software products primarily under shrinkwrap licenses. Shrinkwrap licenses are not negotiated with or signed by individual licensees and take effect upon the opening of the product package. Certain provisions of such licenses, including provisions protecting against unauthorized use, copying, transfer and disclosure of the license program, may be unenforceable under the laws of certain jurisdictions. In addition, the laws of some foreign countries do not protect the Company's proprietary rights to the same extent as do the laws of the United States. Accordingly, the Company supplies its MapInfo products using a hardware access key in many countries. 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.

ITEM 2. PROPERTIES

The Company leases two premises totaling approximately 102,000 square feet of office space in the Rensselaer Technology Park in Troy, New York, which leases expire in 2002 and 2004. These offices house the corporate headquarters, the principal research and development center and the principal sales, marketing and administrative staff for the Americas. In addition, the Company leases eight sales offices in the United States, three sales offices in Europe, three sales offices in Australia, and a sales support office in Japan.

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any material legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's security holders during the last quarter of the fiscal year ended September 30, 1996.

EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth (i) the name and age of each present executive officer of the Company, (ii) the position(s) presently held by each person named, and (iii) the principal occupations held by each person named for at least the past five years.

<TABLE>

<CAPTION>

Executive Officer	Age	Position
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<S>	<C>	<C>

Michael D. Marvin	51	Chairman of the Board
John C. Cavalier	57	President and Chief Executive Officer
John F. Haller	32	Vice President-Technology and Secretary
D. Joseph Gersuk	46	Vice President, Treasurer and Chief Financial Officer
Elizabeth A. Ireland	38	Vice President-Marketing
F. Steven Weick	51	Vice President-Engineering

</TABLE>

Mr. Marvin has served as Chairman of the Board since 1992 and served as acting President and Chief Executive Officer from September 1, 1996 upon the announced resignation of the Company's former President and Chief Executive Officer, to November 1, 1996. From 1987 to 1992, Mr. Marvin served as Chief Executive Officer of the Company. Mr. Marvin is a partner in Exponential Business Development Co., a seed capital company. He is a director of Project Software & Development, Inc. and various private companies. He is also Vice Chairman of the New York Software Alliance.

Mr. Cavalier began serving as President and Chief Executive Officer on November 1, 1996. From 1993 to 1996, Mr. Cavalier served as President and Chief Executive Officer of Antares Alliance Group. From 1990 to 1992, Mr. Cavalier was President and Chief Executive Officer of Bimillennium Corporation. Mr. Cavalier is a director of Focus Enhancements Incorporated.

Mr. Haller, a founder of the Company, has served as Vice President-Technology and Secretary since the Company's inception in 1986.

Mr. Gersuk has served as Vice President, Treasurer and Chief Financial Officer since October 1994. From November 1992 to October 1994, Mr. Gersuk was a director of and employed by DataEase Sapphire International Inc., a computer software company, as Vice President and Chief Financial Officer. From 1986 to 1992, Mr. Gersuk served as Vice President and Chief Financial Officer of a subsidiary of The Penn Central Corporation engaged in the non-destructive testing business, and its successor through acquisition, Stavely NDT Technologies Inc.

Ms. Ireland has been employed by the Company since 1988 and has served as Vice President-Marketing since 1995. Prior to assuming her role as Vice President-Marketing, Ms. Ireland served as Vice President- Business Development and Information Products.

Mr. Weick has served as Vice President-Engineering since February 1995. Mr. Weick was employed by Sapiens/SmartStar International most recently as Vice President, Development in 1994 and from 1992 to 1993 was employed by Hewlett Packard as a Consultant. From 1985 to 1990, Mr. Weick served as Vice President, Communications Hardware and Software Development for Tandem Computers.

PART II.

ITEM 5. 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 during the fiscal years ended September 30, 1995 and 1996.

<TABLE>  
<CAPTION>

PERIOD	1995	
	HIGH	LOW
<S>	<C>	<C>
First Quarter.....	\$26.25	\$16.50

Second Quarter.....	\$31.75	\$22.50
Third Quarter.....	\$40.00	\$29.00
Fourth Quarter.....	\$37.00	\$19.25

<CAPTION>

PERIOD	1996	
	HIGH	LOW
<S>	<C>	<C>
First Quarter.....	\$23.25	\$17.75
Second Quarter.....	\$21.00	\$ 9.50
Third Quarter.....	\$18.00	\$ 7.50
Fourth Quarter.....	\$13.00	\$ 9.50

</TABLE>

The approximate number of holders of record of the Company's Common Stock at December 1, 1996 was 470. This number does not include stockholders for whom shares were held in nominee name.

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.

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ITEM 6. SELECTED FINANCIAL DATA

<TABLE>  
<CAPTION>

	Year ended September 30,				
	1992	1993	1994	1995	1996
	(in thousands, except earnings per share )				
<S>	<C>	<C>	<C>	<C>	<C>
Income Statement data:					
Net revenues	\$ 10,584	\$ 18,435	\$ 29,720	\$ 40,041	\$ 41,532
Cost of revenues	2,735	4,018	6,190	7,725	9,360
Gross profit	7,849	14,417	23,530	32,316	32,172
Operating expenses:					
Research and development	1,576	2,672	4,102	5,752	6,984
Selling and marketing	4,596	7,069	11,736	17,541	19,565
General and administrative	1,126	1,802	3,077	4,749	5,688
Total operating expenses	7,298	11,543	18,915	28,042	32,237
Operating income (loss)	551	2,874	4,615	4,274	(65)
Other income (expense), net	53	(131)	406	1,035	975
Income before provision for income taxes	604	2,743	5,021	5,309	910
Provision for income taxes	190	1,014	1,823	1,513	203
Net income	\$ 414	\$ 1,729	\$ 3,198	\$ 3,796	\$ 707
Earnings per share:					
Primary	\$ 0.10	\$ 0.41	\$ 0.61	\$ 0.65	\$ 0.12
Fully diluted	\$ 0.10	\$ 0.39	\$ 0.61	\$ 0.65	\$ 0.12
Weighted average shares outstanding:					
Primary	4,052	4,219	5,231	5,841	5,865
Fully diluted	4,052	4,464	5,236	5,841	5,865

## Balance Sheet data:

Total assets	\$	6,219	\$	10,383	\$	37,254	\$	46,422	\$	49,091
Long-term obligations, less current portion	\$	460	\$	549	\$	265	\$	95	\$	17

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS  
(in thousands, except earnings per share)

## OVERVIEW

MapInfo develops, manufactures, markets, licenses and supports business mapping software and data products on a worldwide basis. The Company's products and services include software, application development tools, geographic and demographic data products, consulting services, training and technical support for personal computers, workstations, and servers. The Company has organized its operations into three principal operating units: the Americas (North, Central and South America), Europe, and Asia Pacific.

## RESULTS OF OPERATIONS FOR 1994, 1995 AND 1996

## NET REVENUES

<TABLE>  
<CAPTION>

	1994	Change	1995	Change	1996
<S>	<C>	<C>	<C>	<C>	<C>
Software and data products	\$26,981	34%	\$36,070	3%	\$36,980
Services	2,739	45%	3,971	15%	4,552
Net revenues	\$29,720	35%	\$40,041	4%	\$41,532

&lt;/TABLE&gt;

In 1996, the increase in revenues was due to increased unit sales of software and data products in Asia Pacific and Europe, including the increased sales resulting from the acquisition of the Company's master distributor in Australia in August 1995. This offset a decline in revenues in the Americas primarily due to decreased unit sales of some software and data products, a shift in the mix of products sold toward lower-priced products, decreased technology licensing and development fees, and decreased services revenues. In the Americas, the decline in revenues in 1996 resulted from a combination of factors, including the shift from a primarily-direct to a primarily-indirect distribution model, lower productivity from the reseller channel, attrition in the field sales organization, and changing market conditions. In 1995, the increase in revenues was primarily due to increased unit sales of software products in Asia Pacific and Europe, increased technology licensing and development fees and increased services revenues in the Americas. The Americas represented 81%, 70% and 52% of Company revenues in 1994, 1995 and 1996. Asia Pacific represented 6%, 12% and 24% of Company revenues in 1994, 1995 and 1996. Europe represented 13%, 18% and 24% of Company revenues in 1994, 1995 and 1996. Sales to one distributor in the Asia Pacific region represented 7% and 9% of total net revenues in 1995 and 1996. The next scheduled expiration/renewal date for the distribution contract with this distributor is March 1, 1997. There can be no assurance that this contract will be renewed.

The Company's operating results are affected by exchange rates. Approximately 8%, 10%, and 25% of the Company's revenues were collected in foreign currencies during 1994, 1995 and 1996. The impact of exchange rates on net income is less than on revenues, as some of the Company's international

operating expenses are also incurred in local currencies. To date, the impact of exchange rates has not been significant.

#### COST OF REVENUES

<TABLE>  
<CAPTION>

	1994	Change	1995	Change	1996
<S>	<C>	<C>	<C>	<C>	<C>
Cost of revenues	\$6,190	25%	\$7,725	21%	\$9,360
Percentage of net revenues	20.8%		19.3%		22.5%

</TABLE>

Cost of revenues as a percentage of net revenues increased in 1996 due to lower technology licensing and development fees, the cost of bundling other software products with MapInfo Professional, and the write-off of obsolete inventory. The percentage decreased in 1995 compared to 1994 due to increased technology licensing and development fees and increased profitability of services.

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#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--CONTINUED

(in thousands, except earnings per share)

##### OPERATING EXPENSES

<TABLE>  
<CAPTION>

	1994	Change	1995	Change	1996
<S>	<C>	<C>	<C>	<C>	<C>
Research and development	\$ 4,102	40%	\$ 5,752	21%	\$ 6,984
Percentage of net revenues	13.8%		14.4%		16.8%
Selling and marketing	\$11,736	49%	\$17,541	12%	\$19,565
Percentage of net revenues	39.5%		43.8%		47.1%
General and administrative	\$ 3,077	54%	\$ 4,749	20%	\$ 5,688
Percentage of net revenues	10.4%		11.9%		13.7%

</TABLE>

Research and development costs increased in 1996 due to increased headcount, higher compensation costs following a competitive review, and higher depreciation and amortization expense in support of the Company's efforts to accelerate product development. The increases in 1995 expenses resulted primarily from the planned addition of software developers, documentation and quality assurance engineers, and the associated support costs. Research and development headcount increased from 65 at September 30, 1994 to 83 at the end of 1995 to 89 at the end of 1996. Capitalized product development costs were \$569, \$594, and \$1,316 in 1994, 1995 and 1996, respectively. These amounts represented 12%, 9% and 16% of total research and development costs in 1994, 1995 and 1996.

Selling and marketing expenses increased in 1996 primarily due to operating costs in Australia and the costs of an office in Tokyo to support the Company's master distributor in Japan. In the Americas, selling and marketing expenses increased slightly, but represented a significantly greater percentage of the Americas' revenues compared to 1995 due to the decline in revenues described earlier. In 1995, selling and marketing expenses increased at a faster rate than revenues due to the planned increase in marketing

programs worldwide and increased sales headcount in Europe and Asia Pacific.

General and administrative expenses increased in 1996 primarily due to operating costs in Australia and increased costs in the United Kingdom in support of the expansion of European operations. The increase in 1995 was primarily attributable to additional infrastructure costs to support the Company's domestic and international growth and the expenses associated with a public company.

OTHER INCOME, NET

<TABLE>  
<CAPTION>

	1994	Change	1995	Change	1996
<S>	<C>	<C>	<C>	<C>	<C>
Other income, net	\$ 406	155%	\$1,035	-6%	\$ 975

Other income consisted mainly of interest income of \$587, \$1,141, and \$1,206 in 1994, 1995 and 1996. Interest income was derived from the investment of the proceeds from the Company's initial public offering and excess cash flows from operations. Interest income was offset by interest expense, foreign currency losses and other expenses of \$181, \$106, and \$231 in 1994, 1995 and 1996.

PROVISION FOR INCOME TAXES

<CAPTION>

	1994	Change	1995	Change	1996
<S>	<C>	<C>	<C>	<C>	<C>
Provision for income taxes	\$1,823	-17%	\$1,513	-87%	\$ 203
Effective tax rate	36.3%		28.5%		22.3%

</TABLE>

The effective tax rate decreased in 1996 primarily due to an increased portion of pre-tax income derived from tax-exempt investment income. In 1995, the decrease was due to increased research and development credits and increased tax-exempt investment income.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--CONTINUED  
(in thousands, except earnings per share)

NET INCOME AND EARNINGS PER SHARE

<TABLE>  
<CAPTION>

	1994	Change	1995	Change	1996
<S>	<C>	<C>	<C>	<C>	<C>
Net income	\$3,198	19%	\$3,796	-81%	\$ 707
Percentage of net revenues	10.8%		9.5%		1.7%
Earnings per share	\$ 0.61	7%	\$ 0.65	-82%	\$0.12

</TABLE>

FINANCIAL CONDITION

The Company's cash and short-term investments totaled \$31.9 million at September 30, 1996, and represented 65% of total assets. The portfolio is invested primarily in short-term, liquid, tax-exempt securities.

MapInfo has no material long-term debt. The Company has a \$20 million credit facility with a bank that expires in December 1997 and a \$10 million credit facility with a bank that expires in January 1997. There were no outstanding borrowings under either facility at September 30, 1996.

Cash generated from operations was \$2.0 million, \$3.3 million, and \$6.1 million in 1994, 1995 and 1996, respectively. Inventories increased from \$241 at September 30, 1995 to \$1.0 million at September 30, 1996. The increase was due to increased inventories in Europe and Asia in support of increased sales in those markets and the effect of broadening the product line in 1996.

In 1996, cash used for investments in property and equipment totaled \$3.4 million, of which approximately \$.9 million was used to furnish the new research and development center. Additions to property and equipment in support of the Company's research and development activities and international expansion are expected to continue.

Cash generated from financing activities included the exercise of stock options and share purchases under the Employee Stock Purchase Plan which resulted in proceeds of \$156, \$806 and \$593 in 1994, 1995 and 1996. In February 1994, the Company completed an initial public offering of Common Stock which resulted in net proceeds to the Company of approximately \$23 million.

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.

#### SPATIALWARE AGREEMENT

Pursuant to an Agreement dated October 2, 1996, the Company acquired an exclusive, worldwide license to distribute and sub-license SpatialWare technology from Unisys Corporation for a six month period. Under the Agreement, the Company also acquired an option to purchase the underlying intellectual property and certain fixed assets and to employ the staff of people engaged in the development, sales and marketing of SpatialWare in Canada, the United States, and Europe. Purchase consideration was \$1,439 in cash at closing and is a nominal amount upon the exercise of the purchase option. The Company will include these amounts in capitalized product development costs. The purchase option is exercisable until April 2, 1997. During the option period, the Company will direct the development, marketing and sales efforts of the SpatialWare business.

In the event the option is exercised, the Company will make contingent cash payments to Unisys based on revenues generated by the SpatialWare business, up to a maximum of \$1,500. In the event the option is not exercised, the Company will pay Unisys \$350, and this amount, together with the original \$1,439 purchase price, would be charged to operations.

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#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--CONTINUED

(in thousands, except earnings per share)

#### 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. 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 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. Between September and December 1996, the Company introduced three new products, ProServer, SpatialWare and MapX. The Company's future success depends, in part, upon customer and market acceptance of these new products. 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. 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 specialized data products that use MapInfo software. Failure by such strategic partners or independent developers to continue to develop such data 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.

**EXPANSION TO ENTERPRISE MARKET.** The Company has previously marketed its products primarily in the desktop mapping market. The Company has recently expanded its product offerings beyond the desktop market to the enterprise and Internet/intranet markets. Sales to the enterprise and Internet/intranet markets are directed to different decision makers within customer organizations and require different selling and marketing programs than are used in the desktop market. The failure of these products to achieve market acceptance 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.

**SHIFT IN DISTRIBUTION MODEL.** At the beginning of 1995, the Company implemented a sales and marketing strategy in the Americas that placed increased emphasis on third party distribution channels, principally using value added resellers, for selling the Company's products and services in the Americas. This resulted in an increasing percentage of the Americas revenues coming from value added resellers and a decreasing percentage of revenues coming from direct sales efforts. The average selling prices of the Company's products when sold to

value added resellers are typically lower than the average selling prices realized by the Company when selling through direct sales channels. The Company's future success will depend, in part, on its ability to grow revenues in the Americas.

**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 third party 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 or reverse engineer or obtain and use information the Company regards as proprietary. In addition, the Company's shrinkwrap licenses, under which the Company licenses its products, may be unenforceable under the laws of certain jurisdictions and the laws of some foreign countries do not protect the Company's proprietary rights to the same extent as do 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.

**TECHNOLOGY DEVELOPMENT AND LICENSING FEES.** In 1995 and to a lesser degree in 1996, the Company derived a portion of its product revenues from technology development and licensing fees from customers that embedded MapInfo technology into their own software applications. While the Company continues to invest in research and development, there can be no assurance that such technology development and licensing fees will continue in the future.

**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. Cost of revenues as a percentage of net revenues increased from 19.3% in fiscal 1995 to 22.5% in fiscal 1996. Changes in the revenue mix, as well as the distribution model, may continue to affect cost of revenues as a percentage of net revenues in the future.

**RISKS ASSOCIATED WITH INTERNATIONAL OPERATIONS.** Revenues outside the Americas increased from 30% of revenues in fiscal 1995 to 48% of revenues in fiscal 1996. 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, difficulties in localizing products and translating documentation into international languages, fluctuations in the value of international currencies, fluctuating import/export duties and quotas, and unexpected regulatory, economic, or political changes in international markets. Changes in international business conditions could have a material adverse effect on the Company's business and results of operations.

**ACCOUNTING STANDARDS.** Statement of Financial Accounting Standards No. 121-"Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" is effective for fiscal years beginning after December 15, 1995. The Company adopted this Statement on October 1, 1996. The adoption of this Statement is not expected to have a material effect on the Company's financial condition or results of operations. Statement of Financial Accounting Standards No. 123-"Accounting for Stock-Based Compensation" is effective for fiscal years beginning after December 15, 1995. The Company adopted this Statement on October 1, 1996. The Company has elected to continue to apply APB Opinion No. 25 in accounting for its stock-based compensation arrangements. The information for pro-forma disclosure is presently not known.

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.

<TABLE>  
<CAPTION>

	Three months ended							
	Dec. 31, 1994	Mar. 31, 1995	June 30, 1995	Sept. 30, 1995	Dec. 31, 1995	Mar. 31, 1996	June 30, 1996	Sept. 30, 1996
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net revenues	\$ 9,027	\$ 9,779	\$ 9,953	\$ 11,282	\$ 9,652	\$ 10,660	\$ 10,164	\$ 11,056
Cost of revenues	1,648	1,823	1,855	2,399	1,936	2,500	2,495	2,429
Gross profit	7,379	7,956	8,098	8,883	7,716	8,160	7,669	8,627
Operating expenses	6,230	6,582	7,389	7,841	7,895	8,215	7,775	8,352
Operating income (loss)	1,149	1,374	709	1,042	(179)	(55)	(106)	275
Other income, net	223	241	295	276	373	225	235	142
Income before taxes	1,372	1,615	1,004	1,318	194	170	129	417
Provision for income taxes	498	468	201	346	58	20	26	99
Net income	\$ 874	\$ 1,147	\$ 803	\$ 972	\$ 136	\$ 150	\$ 103	\$ 318
Earnings per share:								
Primary	\$ 0.15	\$ 0.20	\$ 0.14	\$ 0.17	\$ 0.02	\$ 0.03	\$ 0.02	\$ 0.05
Fully diluted	\$ 0.15	\$ 0.20	\$ 0.13	\$ 0.17	\$ 0.02	\$ 0.03	\$ 0.02	\$ 0.05
Weighted average shares:								
outstanding:								
Primary	5,754	5,845	5,939	5,845	5,832	5,809	5,873	5,844
Fully diluted	5,785	5,870	5,954	5,845	5,832	5,809	5,873	5,844

</TABLE>

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MAPINFO CORPORATION

ANNUAL REPORT ON FORM 10-K

YEAR ENDED SEPTEMBER 30, 1996

ITEM 8

FINANCIAL STATEMENTS

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN ITEM 8:

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Statements of Income for the years ended September 30, 1994, 1995 and 1996	19
Consolidated Balance Sheets as of September 30, 1995 and 1996	20
Consolidated Statements of Stockholders' Equity for the years ended September 30, 1994, 1995 and 1996	21
Consolidated Statements of Cash Flows for the years ended September 30, 1994, 1995 and 1996	22
Notes to Consolidated Financial Statements	23
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[LOGO OF COOPERS & LYBRAND APPEARS HERE]

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the consolidated financial statements and the financial statement schedule of MapInfo Corporation and Subsidiaries listed in Item 14(a) of this Form 10-K. 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 in accordance with generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of MapInfo Corporation and Subsidiaries as of September 30, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended September 30, 1996 in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

COOPERS & LYBRAND L.L.P.

Albany, New York  
November 5, 1996

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MAPINFO CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME

<TABLE>  
<CAPTION>

Year Ended September 30,		
-----		
1994	1995	1996

	(in thousands, except earnings per share)		
<S>	<C>	<C>	<C>
Net revenues:			
Products	\$ 26,981	\$ 36,070	\$ 36,980
Services	2,739	3,971	4,552
Total net revenues	29,720	40,041	41,532
Cost of revenues:			
Products	4,035	5,024	6,546
Services	2,155	2,701	2,814
Total cost of revenues	6,190	7,725	9,360
Gross profit	23,530	32,316	32,172
Operating expenses:			
Research and development	4,102	5,752	6,984
Selling and marketing	11,736	17,541	19,565
General and administrative	3,077	4,749	5,688
Total operating expenses	18,915	28,042	32,237
Operating income (loss)	4,615	4,274	(65)
Other income, net	406	1,035	975
Income before provision for income taxes	5,021	5,309	910
Provision for income taxes	1,823	1,513	203
Net income	\$ 3,198	\$ 3,796	\$ 707
Earnings per share:			
Primary	\$ 0.61	\$ 0.65	\$ 0.12
Fully diluted	\$ 0.61	\$ 0.65	\$ 0.12
Weighted average shares outstanding:			
Primary	5,231	5,841	5,865
Fully diluted	5,236	5,841	5,865

</TABLE>

See accompanying notes.

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MAPINFO CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

<TABLE>  
<CAPTION>

	September 30,	
	1995	1996
	(in thousands)	
<S>	<C>	<C>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$14,846	\$27,104
Short-term investments, at cost	14,970	4,795
Accounts receivable, less allowance of \$949 at September 30, 1995, and \$1,249 at September 30, 1996	9,527	7,581
Inventories	241	1,021
Other current assets	1,148	844

Income taxes receivable		260
Deferred income taxes	893	845
	-----	-----
Total current assets	41,625	42,450
Property and equipment--net	3,564	4,685
Product development costs--net	542	1,115
Deferred income taxes		385
Intangibles and other assets	691	456
	-----	-----
Total assets	\$46,422	\$49,091
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 1,542	\$ 1,751
Accrued expenses	4,721	4,820
Deferred revenue	970	1,451
Income taxes payable	107	536
	-----	-----
Total current liabilities	7,340	8,558
Other non-current liabilities	268	138
Deferred income taxes	118	
	-----	-----
Total liabilities	7,726	8,696
	-----	-----
Commitments (Note 7)		
Stockholders' Equity:		
Common stock, \$.002 par value; 25,000 shares authorized; 5,648 and 5,775 shares issued, respectively	11	12
Preferred stock, \$.01 par value; 1,000 shares authorized; none issued		
Paid in capital	28,846	29,824
Retained earnings	9,840	10,547
Translation adjustment		13
	-----	-----
	38,697	40,396
Less treasury stock, at cost, 2 shares	1	1
	-----	-----
Total stockholders' equity	38,696	40,395
	-----	-----
Total liabilities and stockholders' equity	\$46,422	\$49,091
	=====	=====

</TABLE>

See accompanying notes.

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MAPINFO CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
For the Years Ended September 30, 1994, 1995 and 1996

<TABLE>  
<CAPTION>

	Common Stock					
	Shares	Amount	Paid-in Capital	Retained Earnings	Translation Adjustment	Treasury Stock
	-----					
	(in thousands, except share data)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, September 30, 1993	3,982,755	\$ 8	\$ 2,691	\$ 2,846		\$ (1)
Exercise of options	128,943		156			
Initial public offering, net of offering costs	1,347,500	3	23,095			
Tax benefit from option						

exercises			571			
Net income				3,198		
-----						
Balance, September 30, 1994	5,459,198	11	26,513	6,044		(1)
Exercise of options and sale of stock under the Employee Stock Purchase Plan	189,353		806			
Tax benefit from option exercises			1,527			
Net income				3,796		
-----						
Balance, September 30, 1995	5,648,551	11	28,846	9,840		(1)
Exercise of options and sale of stock under the Employee Stock Purchase Plan	126,429	1	593			
Tax benefit from option exercises			385			
Net income				707		
Foreign currency					\$13	
-----						
Balance, September 30, 1996	5,774,980	\$12	\$29,824	\$10,547	\$13	\$(1)
-----						
-----						

</TABLE>

See accompanying notes.

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MAPINFO CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>  
<CAPTION>

	Year Ended September 30,		
	1994	1995	1996
	-----		
	(in thousands)		
<S>	<C>	<C>	<C>
CASH FLOWS FROM (USED FOR) OPERATIONS			
Net income	\$ 3,198	\$ 3,796	\$ 707
Depreciation and amortization	1,093	1,983	3,153
Allowance for doubtful accounts and sales returns	120	616	189
Provision for deferred income taxes	92	(816)	(455)
Other	16		200
Changes in operating assets and liabilities, net of acquisition:			
Accounts receivable	(1,877)	(5,492)	1,646
Inventories	(207)	482	(669)
Other current assets	(628)	(145)	304
Accounts payable and accrued expenses	764	2,207	426
Deferred revenue	190	580	429
Income taxes	(780)	107	169
	-----	-----	-----
NET CASH FROM OPERATIONS	1,981	3,318	6,099

CASH FLOWS FROM (USED FOR) INVESTMENTS			
Additions to property and equipment	(1,577)	(2,002)	(3,406)
Capitalized product development costs	(569)	(594)	(1,316)
Purchase of business and other assets		(615)	(76)
Short-term investments	(16,079)	3,283	10,175
NET CASH FROM (USED FOR) INVESTMENTS	(18,225)	72	5,377
CASH FLOWS FROM (USED FOR) FINANCING			
Payments on notes payable, long-term debt and capital leases	(519)	(183)	(196)
Proceeds from exercise of stock options and ESPP purchases	156	806	593
Tax benefit from option exercises	571	1,527	385
Proceeds of issuance of common stock, net	23,098		
NET CASH FROM FINANCING	23,306	2,150	782
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,062	5,540	12,258
Cash and cash equivalents, beginning of period	2,244	9,306	14,846
Cash and cash equivalents, end of period	\$ 9,306	\$14,846	\$27,104
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid during the year for:			
Interest	\$ 88	\$ 32	\$ 16
Income taxes	1,241	662	170

</TABLE>

See accompanying notes.

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MAPINFO CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Company designs, develops, markets, licenses and supports mapping software products, application development tools, and data products, 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 markets its products worldwide through sales offices in North America, Europe, Australia, China, Hong Kong, Taiwan and Japan.

Basis of Consolidation

The consolidated financial statements include the accounts of MapInfo Corporation and its wholly-owned subsidiaries formed in 1994 in Germany and in 1995 in the United Kingdom and Australia. 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 principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets & liabilities at the date of the financial statements and the reported amount 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

Short-term investments are stated at amortized cost, which approximates market value.

#### 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 ten 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 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. Amortization expense is classified as research and development expense in the accompanying consolidated statements of income.

MAPINFO CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Intangible Assets

Intangible assets represents the excess of cost over the fair value of net assets acquired. Intangible assets are being amortized using the straight-line method over seven years. The Company continually evaluates the existence of goodwill impairment on the basis of whether the goodwill is fully recoverable from projected, undiscounted net cash flows of the related business unit.

##### Revenue Recognition

Product revenue: Revenue from software license and technology development fees is recognized upon the later of shipment of product or completion of significant obligations to customers, if collectibility of the resulting receivable is probable. Upon the recognition of revenue, all costs associated with insignificant obligations are accrued.

Postcontract customer support (PCS): Generally, PCS that is bundled with an

initial licensing fee is for one year or less and is recognized together with the initial licensing fee on delivery of the software, if collectibility of the resulting receivable is probable and enhancements and the costs of providing these services are expected to be insignificant. When PCS is sold under separate agreements, the revenue is recognized ratably over the term of the agreement.

#### Reserve for Returns

The Company as a matter of policy provides the buyer the right to return the product within 30 days, for a refund of the purchase price or replacement of the product. Accordingly, the Company accrues for estimated future returns.

#### Income Taxes

Statement of Financial Accounting Standard No. 109-"Accounting for Income Taxes" requires the use of the asset and liability method of accounting for income taxes. Under the asset and liability method, 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 rate of exchange for 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.

#### Computation of Earnings Per Share

Earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period. Dilutive common equivalent shares consist of stock options using the treasury stock method.

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MAPINFO CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)  
(in thousands)

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Reclassifications

Certain reclassifications have been made to the 1994 and 1995 amounts to conform with the 1996 presentation.

#### 2. SHORT-TERM INVESTMENTS

The Company's short-term investments consist of debt securities which includes Government bonds and Municipal bonds with maturity dates of one year or less. In accordance with SFAS No. 115, these 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 ability to hold these debt securities to maturity.

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

<TABLE>  
<CAPTION>

Type of Investment	1995		1996	
	Amortized cost	Aggregate market value	Amortized cost	Aggregate market value
<S>	<C>	<C>	<C>	<C>
Municipal bonds	\$12,904	\$12,905	\$4,759	\$4,759
Government bonds	2,066	2,061	36	35
	-----	-----	-----	-----
	\$14,970	\$14,966	\$4,795	\$4,794
	=====	=====	=====	=====

</TABLE>

Included in other income, net is interest income of \$587, \$1,141, and \$1,206, in 1994, 1995, and 1996, respectively.

### 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<TABLE>  
<CAPTION>

	September 30,	
	1995	1996
<S>	<C>	<C>
Computer hardware and software	\$ 5,051	\$ 7,365
Equipment	607	945
Furniture and fixtures	778	1,335
Leasehold improvements	85	286
	-----	-----
Accumulated depreciation and amortization	(2,957)	(5,246)
	-----	-----
	\$ 3,564	\$ 4,685
	=====	=====

</TABLE>

Depreciation and amortization expense for the years ended September 30, 1994, 1995 and 1996 was \$843, \$1,377, and \$2,289, respectively.

### 4. PRODUCT DEVELOPMENT COSTS

Product development costs consist of the following:

<TABLE>  
<CAPTION>

	September 30,	
	1995	1996
<S>	<C>	<C>
Product development costs	\$ 1,626	\$ 2,802
Accumulated amortization	(1,084)	(1,687)
	-----	-----
	\$ 542	\$ 1,115
	=====	=====

</TABLE>

MAPINFO CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)  
 (in thousands)

4. PRODUCT DEVELOPMENT COSTS (CONTINUED)

Capitalized product development costs for the years ended September 30, 1994, 1995, and 1996 was approximately \$569, \$594, and \$1,316, respectively.

Amortization of capitalized product development costs for the years ended September 30, 1994, 1995, and 1996 was approximately \$250, \$606, and \$743, respectively.

5. ACCRUED EXPENSES

Accrued expenses consist of the following:

<TABLE>  
<CAPTION>

	September 30,	
	-----	-----
	1995	1996
	-----	-----
<S>	<C>	<C>
Accrued payroll	\$ 695	\$1,088
Accrued vacation	486	503
Accrued royalties	327	647
Accrued marketing	246	388
Accrued commission	651	296
Accrued other	2,316	1,898
	-----	-----
	\$4,721	\$4,820
	=====	=====

</TABLE>

6. LINES OF CREDIT

The Company has a \$10 million uncollateralized line of credit with a commercial bank, none of which was drawn down at September 30, 1995 or 1996. Interest is at the bank's prime rate. The line of credit expires on January 31, 1997.

The Company has a revolving convertible credit facility with a commercial bank under which a maximum of \$20 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 and is collateralized by the common stock and distribution agreements of certain subsidiaries. None of this credit facility was drawn down at September 30, 1996. The facility expires in December 1997.

7. COMMITMENTS

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 and 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 negotiated purchase prices. The leases expire in 2002 and 2004.

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, 1996 decline from \$1.8 million in 1997 to \$1.4 million in 2001.

Total rent expense for the years ended September 30, 1994, 1995 and 1996 was approximately \$653, \$722, and \$1,665, respectively.

MAPINFO CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)  
(in thousands)

8. INCOME TAXES

Income tax expense consists of:

<TABLE>  
<CAPTION>

	Year Ended September 30,		
	1994	1995	1996
	-----	-----	-----
<S>	<C>	<C>	<C>
Current:			
Federal	\$ 1,463	\$ 1,742	\$ 484
State	256	548	(50)
Foreign	12	39	224
	-----	-----	-----
	1,731	2,329	658
Deferred income taxes:			
Federal	68	(664)	(422)
State	24	(152)	28
Foreign			(61)
	-----	-----	-----
	92	(816)	(455)
	-----	-----	-----
Income tax expense	\$ 1,823	\$ 1,513	\$ 203
	=====	=====	=====

</TABLE>

The provision for income taxes has been reduced for research and development tax credits of approximately \$108, \$246, and \$65 in 1994, 1995 and 1996, respectively. At September 30, 1996, the Company has approximately \$287 of research and development tax credit carryforwards which begin to expire in 2009 and approximately \$92 of alternative minimum tax credit carryforwards which have no expiration date.

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

<TABLE>  
<CAPTION>

	Year Ended September 30,		
	1994	1995	1996
	-----	-----	-----
<S>	<C>	<C>	<C>
Federal statutory income tax rate	34%	34%	34%
State taxes	3	5	2

Non-U.S. tax rates and other foreign charges			24
Tax-exempt investment income		(6)	(42)
Research and development credit	(2)	(5)	(7)
Non-deductible expenses and other	1.3	0.5	11.3
	-----	-----	-----
	36.3%	28.5%	22.3%
	=====	=====	=====

</TABLE>

U.S. income before taxes was \$4,935, \$5,496, and \$684 for the years ended September 30, 1994, 1995 and 1996, respectively.

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MAPINFO CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)  
(in thousands)

8. INCOME TAXES--(CONTINUED)

Deferred income taxes recorded in the consolidated balance sheets at September 30, 1995 and 1996 consist of the following temporary differences:

<TABLE>  
<CAPTION>

	1995	1996
	----	-----
<S>	<C>	<C>
Current deferred tax assets:		
Accrued expenses	\$605	\$ 513
Bad debt reserve	44	106
Inventory	42	31
Allowance for returns	202	195
	-----	-----
Net current deferred tax assets	893	845
Long term deferred tax assets (liabilities):		
Capitalized product development costs	(210)	(269)
Tax credit carryovers		379
Property and equipment	(42)	73
Accrued expenses	87	113
Other non-current assets	47	89
	-----	-----
Net long term deferred tax asset (liability)	(118)	385
	-----	-----
Net deferred tax asset	\$775	\$1,230
	=====	=====

</TABLE>

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 near term if estimates of future taxable income are reduced.

9. STOCK OPTIONS

The 1993 Stock Incentive Plan has 925,000 shares reserved for issuance to employees. Stock option activity under this plan is as follows:

<TABLE>  
<CAPTION>

Outstanding Options  
-----

	Shares Available for Grant	Number of Shares	Price per Share
<S>	<C>	<C>	<C>
Initial shares reserved	400,000		
Options granted	(120,116)	120,116	\$18.50 to \$24.00
Options forfeited	4,583	(4,583)	\$19.00
Options exercised		(17)	\$19.00
Balance, September 30, 1994	284,467	115,516	\$18.50 to \$24.00
Additional shares reserved	275,000		
Options granted	(266,400)	266,400	\$17.25 to \$35.25
Options forfeited	36,051	(36,051)	\$18.50 to \$26.00
Options exercised		(5,522)	\$18.50 to \$21.50
Balance, September 30, 1995	329,118	340,343	\$17.25 to \$35.25
Additional shares reserved	250,000		
Options granted	(698,035)	698,035	\$9.625 to \$20.00
Options forfeited	480,017	(480,017)	\$12.00 to \$35.25
Options exercised		(2,398)	\$12.00 to \$19.00
Balance, September 30, 1996	361,100	555,963	\$9.625 to \$30.25

</TABLE>

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MAPINFO CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)  
(in thousands)

9. STOCK OPTIONS--(CONTINUED)

Under the 1993 Stock Incentive Plan options to purchase 7,306, 41,322 and 53,715 shares of common stock were exercisable at September 30, 1994, 1995 and 1996, respectively.

In March 1996, the Company repriced certain options granted to employees under this plan on a four-for-five basis. Option holders, holding options to purchase an aggregate of 327,177 shares with exercise prices ranging from \$17.25 to \$35.25 per share were issued 267,741 new options with an exercise price of \$12.00 per share, the closing price of the Company's common stock on the date of the repricing. The options granted and forfeited as a result of this repricing are included in the table above.

The 1993 Director Stock Option Plan has 20,000 shares reserved for issuance to non-employee directors. As of September 30, 1996, options to purchase 15,836 shares at prices ranging from \$11.00 to \$25.00 have been granted under the Director Stock Option Plan. In 1995, options for 1,818 shares were exercised at \$11.00. There were no options exercised under this plan in 1994 and 1996. Options for 14,018 shares at prices ranging from \$11.00 to \$25.00 remain outstanding, of which options for 5,018 shares are exercisable at September 30, 1996.

In addition, the Company has two non-qualified stock option plans (Plan I and II) with six and ten year terms. Options for 60,393, 158,085 and 71,883 shares were exercised under Plans I and II at prices ranging from \$1.00 to \$11.00 for the years ending September 30, 1994 and 1995, respectively, and at prices ranging from \$1.74 to \$9.00 for the year ended September 30, 1996. Options for 114,286 shares at prices ranging from \$1.74 to \$11.00 remain outstanding and options for 58,934 shares are exercisable at September 30, 1996. No further

options will be granted under Plans I and II.

In addition, the Company has various non-qualified stock option arrangements with certain employees of the Company, under which 258,033 shares were granted. At September 30, 1996, options for 19,500 shares are vested and remain exercisable at \$0.02 per share. Options for 68,533 were exercised at prices ranging from \$0.02 to \$1.74 in 1994, no options were exercised in 1995, and 10,000 options were exercised at \$0.02 per share in 1996.

#### 10. DEFERRED COMPENSATION (401(K)) PLAN

The Company has a deferred compensation (401(k)) plan which covers substantially all U.S.-based employees who have met certain service requirements. Employees may contribute up to 17% of their annual salary (up to the maximum established by the IRS each year) to the plan. Beginning April 1, 1994, the Company may at its option contribute up to 50% of the first one thousand dollars contributed by each employee to the plan. Deferred compensation expense for the years ended September 30, 1994, 1995 and 1996 was \$66, \$94 and \$110, respectively.

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MAPINFO CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)  
(in thousands)

#### 11. EMPLOYEE STOCK PURCHASE PLAN

The 1993 Employee Stock Purchase Plan permits eligible employees to purchase, at a 15% discount, common stock of the Company up to 10% of their pay. The Company has reserved 100,000 shares of common stock for issuance under this plan. Activity under the Plan is as follows:

<TABLE>  
<CAPTION>

	Shares available for issuance	Price Per Share
<S>	<C>	<C>
Initial shares reserved	100,000	
1995 Purchases	(23,508)	\$15.73 to \$17.00
	-----	
Balance, September 30, 1995	76,492	
1996 Purchases	(42,148)	\$ 9.56 to \$10.20
	-----	
Balance, September 30, 1996	34,344	
	=====	

</TABLE>

#### 12. CONCENTRATION OF CREDIT RISK

The Company's investment portfolio is diversified and consists of short-term investment grade securities. At September 30, 1996, the Company had \$397 in U.S. banks in excess of insured limits and \$790 in uninsured foreign banks. The Company sells a significant portion of its product through third-party distributors. Sales to one distributor represented 9% of total net revenues for the year ended September 30, 1996, and 10% of total accounts receivable at September 30, 1996. The next scheduled expiration/renewal date for this distribution contract is March 1, 1997. There can be no assurance that this distribution contract will be renewed.

#### 13. BUSINESS SEGMENT AND INTERNATIONAL OPERATIONS

The Company operates in one industry segment consisting of the development, marketing, licensing and support of mapping software and data products.

Summarized information relating to international operations is as follows:

<TABLE>  
<CAPTION>

	September 30,		
	1994	1995	1996
<S>	<C>	<C>	<C>
Sales to unaffiliated customers:			
United States	\$21,696	\$26,298	\$19,688
Europe	1,961	3,457	10,067
Australia		607	5,127
Export sales from United States	6,063	9,679	6,650
	-----	-----	-----
Total sales to unaffiliated customers	\$29,720	\$40,041	\$41,532
	=====	=====	=====
Operating income (loss)			
United States	\$ 4,394	\$ 3,017	\$ (473)
Europe	221	1,240	366
Australia		17	42
	-----	-----	-----
Total operating income (loss)	\$ 4,615	\$ 4,274	\$ (65)
	=====	=====	=====
Identifiable assets			
United States	\$36,069	\$41,815	\$42,367
Europe	1,185	3,110	4,980
Australia		1,497	1,744
	-----	-----	-----
Total identifiable assets	\$37,254	\$46,422	\$49,091
	=====	=====	=====

</TABLE>

MAPINFO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-- (CONTINUED)  
(in thousands)

13. BUSINESS SEGMENT AND INTERNATIONAL OPERATIONS (CONTINUED)

Export sales from the United States include sales primarily to Canada, Japan, Hong Kong, and, for the first half of 1995, Europe. Individual country revenues do not equal or exceed 10% of total revenues. Revenues outside the Americas increased from 30% of revenues in fiscal 1995 to 48% of revenues in fiscal 1996. 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, difficulties in localizing products and translating documentation into international languages, fluctuations in the value of international currencies, fluctuating import/export duties and quotas, and unexpected regulatory, economic, or political changes in international markets. Changes in international business conditions could have a material adverse effect on the Company's business and results of operations in the near term.

14. ACQUISITION

Pursuant to an Asset Purchase Agreement dated August 3, 1995, the Company purchased assets approximating \$824 of its master distributor in Australia, Peripheral Systems Pty Ltd., an Australian corporation. Purchase consideration

was \$330, payable in cash, the assumption of liabilities approximating \$116, and an additional cash payment of \$378, paid in February 1996. The acquisition was accounted for under the purchase method. The results of operations include the acquired business from date of acquisition.

#### 15. OTHER DEVELOPMENTS

Statement of Financial Accounting Standards No. 121-"Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" is effective for fiscal years beginning after December 15, 1995. The Company adopted this Statement on October 1, 1996. The adoption of this Statement is not expected to have a material effect on the Company's financial condition or results of operations. Statement of Financial Accounting Standards No. 123-"Accounting for Stock-Based Compensation" is effective for fiscal years beginning after December 15, 1995. The Company adopted this Statement on October 1, 1996. The Company has elected to continue to apply APB Opinion No. 25 in accounting for its stock-based compensation arrangements. The information for pro-forma disclosure is presently not known.

#### 16. SUBSEQUENT EVENT

Pursuant to an Agreement dated October 2, 1996, the Company acquired an exclusive, worldwide license to distribute and sub-license SpatialWare technology from Unisys Corporation for a six month period. Under the Agreement, the Company also acquired an option to purchase the underlying intellectual property and certain fixed assets and to employ the staff of people engaged in the development, sales and marketing of SpatialWare in Canada, the United States, and Europe. Purchase consideration was \$1,439 in cash at closing and is a nominal amount upon the exercise of the purchase option. The Company will include these amounts in capitalized product development costs. The purchase option is exercisable until April 2, 1997. During the option period, the Company will direct the development, marketing and sales efforts of the SpatialWare business.

In the event the option is exercised, the Company will make contingent cash payments to Unisys based on revenues generated by the SpatialWare business, up to a maximum of \$1,500. In the event the option is not exercised, the Company will pay Unisys \$350, and this amount, together with the original \$1,439 purchase price, would be charged to operations.

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#### ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable

#### PART III

#### ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The response to this item is contained in part under the caption "Executive Officers of the Company" in Part I hereof, and the remainder is contained in the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on February 13, 1997 (the "1997 Proxy Statement") under the caption "Election of Directors" and is incorporated herein by reference.

#### ITEM 11. EXECUTIVE COMPENSATION

The response to this item is contained in the Company's 1997 Proxy Statement under the captions "Director Compensation," "Executive Compensation," "Compensation Committee Interlocks and Insider Participation," "Other Matters" and "Section 16(a) Beneficial Ownership Reporting Compliance" and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The response to this item is contained in the Company's 1997 Proxy Statement under the caption "Beneficial Ownership of Common Stock" and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The response to this item is contained in the Company's 1997 Proxy Statement under the caption "Compensation Committee Interlocks and Insider Participation" and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE, AND REPORTS ON FORM 8-K

(A) See Item 8 for Index to Consolidated Financial Statements

Consolidated Financial Statement Schedule for the years ended September 30, 1994, 1995 and 1996 included in Item 14(d):

Schedule VIII--Valuation and Qualifying Accounts

Schedules other than those listed above have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and the notes thereto.

Listing of Exhibits

<TABLE>

<CAPTION>

EXHIBIT NO. -----	DESCRIPTION -----
<C>	<S>
*3.1	Restated Certificate of Incorporation of the Registrant, as amended to date.
#3.2	By-Laws of the Registrant, as amended to date.
*4	Specimen Certificate for shares of the Registrant's Common Stock.
*10.1+	Employee Non-Qualified Stock Option Plan I, as amended to date.
*10.2+	Employee Non-Qualified Stock Option Plan II, as amended to date.
#10.3+	1993 Stock Incentive Plan, as amended to date.
#10.4+	1993 Director Stock Option Plan, as amended to date.
*10.5	Lease Agreement dated as of August 1, 1993 by and between the Registrant and Rensselaer Polytechnic Institute.
++10.7+	Amended and Restated Employment Agreement, dated as of February 14, 1994 by and between the Registrant and Brian D. Owen.
(degrees)10.8+	Amended and Restated Employment Agreement, dated as of May 2, 1994 by and between the Registrant and Matthew J. Szulik.
*10.9+	Employee Patent, Confidential Information and Non-Competition Agreement dated as of November 4, 1992 by and between the Registrant and Brian D. Owen.
*10.10+	Employee Patent, Confidential Information and Non-Competition Agreement dated as of January 5, 1993 by and between the Registrant and Matthew J. Szulik.
++10.11+	Employee Patent and Confidential Information Agreement dated as of May 1, 1988 by and between the Registrant and Michael D. Marvin.

- ++10.12+ Employee Patent and Confidential Information Agreement dated as of May 3, 1988 by and between the Registrant and John F. Haller.
- +++10.13+ Employment Agreement, dated as of October 18, 1994 by and between the Registrant and D. Joseph Gersuk.
- +++10.14+ Employee Patent, Confidential Information and Non-Competition Agreement dated as of October 20, 1994 by and between the Registrant and D. Joseph Gersuk.
- +++10.15+ Employment Agreement, dated as of February 3, 1995 by and between the Registrant and Elizabeth A. Ireland.
- +++10.16+ Employee Patent, Confidential Information and Non-Competition Agreement dated as of August 21, 1989 by and between the Registrant and Elizabeth A. Ireland.
- #10.17+ Employment Agreement, dated as of February 6, 1995 by and between the Registrant and F. Steven Weick.
- #10.18+ Employee Patent, Confidential Information and Non-Competition Agreement dated as of February 7, 1995 by and between the Registrant and F. Steven Weick.
- #10.19 Two Global View Lease. Lease Agreement dated as of January 10, 1995 between Rensselaer Polytechnic Institute and the Registrant
- ~10.20+ Amended and restated Employment Agreement dated as of May 16, 1995 by and between the Registrant and Brian D. Owen.

</TABLE>

<TABLE>

- <C>      <S>
- @10.21+ Amended and restated Employment Agreement dated as of May 8, 1996 by and between the Registrant and Michael D. Marvin.
- 10.22+ Amended and restated Employment Agreement dated as of September 5, 1996, by and between the Registrant and Brian D. Owen.
- 10.23+ Amended and restated Employment Agreement dated as of September 30, 1996 by and between the Registrant and Michael D. Marvin.
- 10.24+ Employment Agreement executed on October 1, 1996 by and between the Registrant and John C. Cavalier.
- 10.25+ Employee Patent, Confidential Information and Non-Competition Agreement dated September 30, 1996 by and between the Registrant and John C. Cavalier.
- 10.26+ Amended and restated Employment Agreement dated as of January 11, 1996 by and between the Registrant and D. Joseph Gersuk.
- 11      Statement regarding computation of per share earnings.
- 21      Subsidiaries of the Registrant.
- 23      Consent of Coopers & Lybrand L.L.P.
- 27      Financial Data Schedule

</TABLE>

-----  
 \* Incorporated herein by reference from the exhibits to the Registrant's Registration Statement on Form S-1 (File No. 33-72866).

(degrees)

- Incorporated herein by reference from the exhibits to the Form 10-Q filed with the Securities and Exchange Commission on August 15, 1994.
- ++ Incorporated herein by reference from the exhibits to the Form 10-K filed with the Securities and Exchange Commission on December 28, 1994.
- +++Incorporated herein by reference from the exhibits to the Form 10-Q filed with the Securities and Exchange Commission on February 7, 1995.
- # Incorporated herein by reference from the exhibits to the Form 10-Q filed with the Securities and Exchange Commission on May 12, 1995.
- ~ Incorporated herein by reference from the exhibits to the Form 10-Q filed with the Securities and Exchange Commission on August 10, 1995.
- @ Incorporated herein by reference from the exhibits to the Form 10-Q filed with the Securities and Exchange Commission on May 15, 1996.
- + Management contract or compensation plan or arrangement required to be

(B) Reports on Form 8-K

The Company filed no reports on Form 8-K with the Securities and Exchange Commission during the fiscal quarter ended September 30, 1996.

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MAPINFO CORPORATION  
ANNUAL REPORT ON FORM 10-K  
YEAR ENDED SEPTEMBER 30, 1996  
ITEM 14(D)  
FINANCIAL STATEMENT SCHEDULE

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MAPINFO CORPORATION AND SUBSIDIARIES  
VALUATION AND QUALIFYING ACCOUNTS  
SCHEDULE VIII  
(in thousands)

<TABLE>  
<CAPTION>

COLUMN A ----- DESCRIPTION -----	COLUMN B ----- BALANCE AT BEGINNING OF PERIOD -----	COLUMN C ----- ADDITIONS CHARGED TO EXPENSE -----	COLUMN D ----- ADDITIONS CHARGED TO OTHER ACCOUNTS -----	COLUMN E ----- DEDUCTIONS -----	COLUMN F ----- BALANCE AT END OF PERIOD -----
<S>	<C>	<C>	<C>	<C>	<C>
Year ended September 30, 1994: Deducted from asset accounts: Allowance for doubtful accounts and sales returns	\$213	70	70 (2)	(20) (1)	\$ 333
Year ended September 30, 1995: Deducted from asset accounts: Allowance for doubtful accounts and sales returns	\$333	218	466 (2)	(68) (1)	\$ 949
Year ended September 30, 1996: Deducted from asset accounts: Allowance for doubtful accounts and sales returns	\$949	301	147 (2)	(148) (1)	\$1,249

</TABLE>  
-----

(1)Uncollectible accounts written off.  
(2)Allowance for sales returns.

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## SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED.

MAPINFO CORPORATION  
(Registrant)

By: \_\_\_\_\_  
John C. Cavalier  
President and Chief Executive Officer

Date: \_\_\_\_\_

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

NAME	TITLE	DATE
/s/ John C. Cavalier ----- John C. Cavalier	President and Chief Executive Officer (Principal Executive Officer)	December 30, 1996
/s/ Michael D. Marvin ----- Michael D. Marvin	Chairman of the Board	December 30, 1996
/s/ D. Joseph Gersuk ----- D. Joseph Gersuk	Vice President, Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)	December 30, 1996
/s/ John F. Haller ----- John F. Haller	Vice President- Technology and Director	December 30, 1996
/s/ Laszlo C. Bardos ----- Laszlo C. Bardos	Director	December 30, 1996
/s/ George C. McNamee ----- George C. McNamee	Director	December 30, 1996
/s/ James A. Perakis ----- James A. Perakis	Director	December 30, 1996
/s/ John F. Burton ----- John F. Burton	Director	December 30, 1996
/s/ Brian D. Owen ----- Brian D. Owen	Director	December 30, 1996

<TABLE>  
<CAPTION>

EXHIBIT NO. -----	SEQUENTIAL DESCRIPTION -----	<C>
<C>	<S>	
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#3.2	By-Laws of the Registrant, as amended to date.	
*4	Specimen Certificate for shares of the Registrant's Common Stock.	
*10.1+	Employee Non-Qualified Stock Option Plan I, as amended to date.	
*10.2+	Employee Non-Qualified Stock Option Plan II.	
#10.3+	1993 Stock Incentive Plan.	
#10.4+	1993 Director Stock Option Plan.	
*10.5	Lease Agreement dated as of August 1, 1993 by and between the Registrant and Rensselaer Polytechnic Institute.	
++10.7+	Amended and Restated Employment Agreement, dated as of February 14, 1994 by and between the Registrant and Brian D. Owen.	
(degrees)10.8+	Amended and Restated Employment Agreement, dated as of May 2, 1994 by and between the Registrant and Matthew J. Szulik	
*10.9+	Employee Patent, Confidential Information and Non- Competition Agreement dated as of November 4, 1992 by and between the Registrant and Brian D. Owen.	
*10.10+	Employee Patent, Confidential Information and Non- Competition Agreement dated as of January 5, 1993 by and between the Registrant and Matthew J. Szulik.	
++10.11+	Employee Patent and Confidential Information Agreement dated as of May 1, 1988 by and between the Registrant and Michael D. Marvin.	
++10.12+	Employee Patent and Confidential Information Agreement dated as of May 3, 1988 by and between the Registrant and John F. Haller.	
+++10.13+	Employee Agreement, dated as of October 18, 1994 by and between the Registrant and D. Joseph Gersuk.	
+++10.14+	Employee Patent, Confidential Information and Non- Competition Agreement dated as of October 20, 1994 by and between the Registrant and D. Joseph Gersuk.	
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#10.18+	Employee Patent, Confidential Information and Non- Competition Agreement dated as of February 7, 1995 by and between the Registrant and F. Steven Weick.	
#10.19	Two Global View Lease. Lease Agreement dated as of January 10, 1995 between Rensselaer Polytechnic Institute and the Registrant.	

</TABLE>

<TABLE>  
<CAPTION>

EXHIBIT NO. -----	SEQUENTIAL DESCRIPTION -----	PAGE NO. -----
<C>	<S>	<C>
~10.20+	Amended and restated Employment Agreement dated as of	

	May 16, 1995 by and between the Registrant and Brian D. Owen.
@10.21+	Amended and restated Employment Agreement dated as of May 8, 1996 by and between the Registrant and Michael D. Marvin.
10.22+	Amended and restated Employment Agreement dated as of September 5, 1996, by and between the Registrant and Brian D. Owen.
10.23+	Amended and restated Employment Agreement dated as of September 30, 1996 by and between the Registrant and Michael D. Marvin.
10.24+	Employment Agreement dated as of September 28, 1996 by and between the Registrant and John C. Cavalier.
10.25+	Employee Patent, Confidential Information and Non Competition Agreement dated September 30, 1996 by and between the Registrant and John C. Cavalier.
10.26+	Amended and restated Employment Agreement dated as of January 11, 1996 by and between the Registrant and D. Joseph Gersuk.
11	Statement regarding computation of per share earnings.
21	Subsidiaries of Registrant.
23	Consent of Coopers & Lybrand L.L.P.
27	Financial Data Schedule

</TABLE>

-----

- \* Incorporated herein by reference from the exhibits to the Registrant's Registration Statement on Form S-1 (File No. 33-72866).
- (degrees)
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- ++ Incorporated herein by reference from the exhibits to the Form 10-K filed with the Securities and Exchange Commission on December 28, 1994.
- +++ Incorporated herein by reference from the exhibits to the Form 10-Q filed with the Securities and Exchange Commission on February 7, 1995.
- # Incorporated herein by reference from the exhibits to the Form 10-Q filed with the Securities and Exchange Commission on May 12, 1995.
- ~ Incorporated herein by reference from the exhibits to the Form 10-Q filed with the Securities and Exchange Commission on August 10, 1995.
- @ Incorporated herein by reference from the exhibits to the Form 10-Q filed with the Securities and Exchange Commission on May 15, 1996.
- + Management contract or compensation plan or arrangement required to be filed pursuant to Item 14(c) of Form 10-K.

September 5, 1996

Brian D. Owen  
MapInfo Corporation  
One Global View  
Troy, NY 12180

Subject: Amendment to Employment Agreement

Dear Brian:

This letter, when signed by you, will constitute an amendment to your November 2, 1992, Amended and Restated Employment agreement with MapInfo. Your salary shall be paid at an annualized rate of \$215,000, retroactive to October 1, 1995.

Your responsibilities shall continue as at present with active participation in management to terminate on September 30, 1996. Until the earlier of June 30, 1997 or your obtaining new employment, you will remain an employee in an advisory capacity to the Chairman. Regardless, you will continue to be paid until June 30, 1997 at the \$215,000 annualized rate. While you are an employee, you will continue to be eligible for coverage under the MapInfo benefits plans covering medical and dental insurance, life insurance, vision care, disability coverage, the 401(k) Plan (subject to plan rules), and the Section 125 Plan. Upon your obtaining new employment, your participation in these benefits plans will cease. If you have not secured new employment by July 1, 1997, you will be eligible to purchase medical coverage under COBRA, the details of which are available from the human resources director.

When you sign this Agreement, you shall return to MapInfo every option you have been granted at an exercise price above \$1.74 per share. All your \$1.74 options remain exercisable in accordance with the terms of the November 2, Amended and Restated Employment Agreement, and the stock option agreement documents you signed when you received the options. Your official last day of employment shall be the earlier of June 30, 1997 or your securing new employment, and shall commence the ninety (90) day stock option exercise window permitted under the stock option agreement.

Except as specifically stated above, this letter agreement supersedes and replaces all prior agreements between the Company and you, other than the following sections of your November 2, 1992 agreement, which survive and continue in full force and effect: Non-Competition, #5--Expenses, #7--Stock Options, #10--Indemnity (through the earlier of June 30, 1997 or your obtaining new employment), #11--Amendment, #12--Notices, #14--Successors and Assigns, and #16--Governing Law. This contains our entire agreement.

/s/ Michael D. Marvin

By \_\_\_\_\_  
Michael D. Marvin  
Chairman of the Board

/s/ Brian D. Owen

By \_\_\_\_\_  
Brian D. Owen

## EMPLOYMENT AGREEMENT

Agreement made as of September 30, 1996, between MAPINFO CORPORATION, One Global View, Troy, New York 12180 ("MapInfo"), and Michael D. Marvin (MARVIN) residing at 16 Park Hill, Menands, New York 12204.

1. Engagement. MapInfo agrees to employ MARVIN, and he agrees to serve as the MapInfo Chairman, and acting President and Chief Executive Officer of the corporation.

2. Term. The term of this Agreement shall begin on October 1, 1996, and shall continue until terminated in accordance with any of the following. The current Agreement shall remain in effect until October 1, 1996.

2.1 This Agreement for services shall terminate after a new Company President/CEO has been hired and that person and the Board determined that MARVIN's services in the capacity described hereafter are no longer required. Upon such termination of full time employment:

2.1.1 While he remains Chairman of the Board, MARVIN may, at his option, continue to occupy his office at MapInfo; and

2.1.2 Whether or not MARVIN remains with MapInfo, the Company for a period of one year, shall provide MARVIN with full access to, and the assistance of Kathy Dinardo; and

2.1.3 Kathy Dinardo and MARVIN have the sole responsibility for terminating this relationship before the end of the transition year.

2.2 This Agreement may be terminated by MapInfo at any time for Cause. For the purposes of this Agreement, Cause shall be any of the following:

2.2.1 The breach by MARVIN of a material provision of this Agreement, including but not limited to the failure of MARVIN to provide the services called for hereunder, or any breach by MARVIN of confidentiality, or violation of any non-compete agreement; or

2.2.2 Malfeasance in relation to the company; or

2.2.3 Upon the conviction of MARVIN for any crime, or because MapInfo reasonably believes MARVIN may have been, or is, involved in criminal or other activities of such a nature as could injure the reputation of MapInfo.

2.2.4 Material failure to perform his duties which failure is not cured within 30 days after notice.

2.3 In the event that MARVIN shall be prevented from performing his duties for a continuous period of three (3) months as a result of a personal injury, mental or physical disability, or illness, MapInfo may terminate this Agreement upon twenty (20) day written notice to MARVIN. Salary shall only be continued for ninety (90) days after the date the disability commences, reduced dollar for dollar by the amount of any disability insurance benefits paid to him by reason of company owned disability policies.

3. Services. MARVIN shall devote his best and full-time efforts to fulfilling his responsibilities to MapInfo. He shall use his individual expertise to the extend possible for effective financial and administrative operation of the company, as well as the growth of the business.

4. Compensation. As compensation for the services to be rendered MapInfo shall pay and provide the following to MARVIN:

4.1 A base salary for year one at the rate of Two Hundred and fifty Thousand Dollars (\$250,000.00) per year, and

4.1.2 Bonuses based upon the performance of the Corporation and upon MARVIN achieving his targeted company fiscal year objectives as established by the Board of Directors in conference with MARVIN, and further, upon MARVIN achieving super objectives established by the Board of Directors, subject to the following:

4.1.2.1 \$125,000 in year one, payable quarterly, for achieving targeted company fiscal year objectives, and

4.1.3 Upon signing, MARVIN shall receive 25,000 shares of MapInfo stock options vesting March 31, 1997. These options shall remain in effect as long as MARVIN is employed by the Company.

4.4 Participation in all employee benefit programs, such as medical insurance, retirement and disability programs, as set forth in the MapInfo Employee's Manual, and as they may be amended from time to time.

5. Expenses. In addition to the compensation provided for above, MARVIN shall also be entitled to reimbursement for all reasonable expenses necessarily incurred by him in the performance of his duties, upon presentation of vouchers indicating the amount and business purposes.

6. Non-competition. MARVIN shall sign the annexed non-compete agreement as a condition of his employment.

7. Amendment. This Agreement shall be amended only in writing, signed by MARVIN and MapInfo's Secretary of the Board.

8. Notices. All notices required or permitted to be given under this

Agreement shall be hand delivered or sent by registered or certified mail, return requested to the last known address of either party.

9. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon MapInfo, its successors and assigns, including, without limitation, any corporation which may acquire all or substantially all of MapInfo's assets and business or into which MapInfo may be consolidated or merged, and MARVIN, his heirs, executors, administrators and legal representatives. MARVIN may assign his right to payment under this Agreement, but not his obligations under this Agreement.

10. Entire Agreement. This Agreement is the entire Agreement of the parties regarding the subject matter hereof, and supersedes all prior understandings. There are no oral agreements or other writings related to the matters set forth herein.

11. Governing Law. This Agreement shall be governed by the laws of New York State.

MICHAEL D. MARVIN

MAPINFO CORPORATION

/s/ Michael D. Marvin

/s/ John F. Haller

By \_\_\_\_\_  
John F. Haller, Secretary

9/30/96

Date: \_\_\_\_\_

9/30/96

Date: \_\_\_\_\_

## EMPLOYMENT AGREEMENT

Agreement made as of September 27, 1996, between MAPINFO CORPORATION, One Global View, Troy, New York 12180 ("MapInfo" or "Company"), and John C. Cavalier, an individual residing at 3804 Silver Falls Court, Plano, Texas (the "Employee").

## 1. EMPLOYMENT AND TERM.

MapInfo agrees to employ the Employee as President and Chief Executive Officer of the corporation for a period of two years, beginning on the date employment commences and ending two years later (the "Contract Expiration Date"). The Employee agrees to commence such employment on or before November 4, 1996, agrees to aid in managing the operations of MapInfo under the supervision of the Board of Directors of MapInfo, agrees to serve as a member of the Board of Directors of the Corporation, agrees to perform such other services as shall from time to time be assigned to him by the Board of Directors, and agrees to devote diligently and competently, his entire business time, skill and attention to such services.

## 2. COMPENSATION AND BENEFITS.

- A. The Employer shall pay to the Employee a salary of not less than \$250,000 per annum. Employee's salary shall be payable in accordance with the standard payroll practices of the Employer. The Employee's annual salary may be increased from time to time in accordance with the normal business practices of the Employer and, if so increased, shall not thereafter be decreased, except by the mutual agreement of the parties.
- B. The Employer shall reimburse the Employee for all reasonable out-of-pocket expenses incurred in connection with the performance of his duties hereunder, payable in accordance with the standard expense account procedures of the Employer.
- C. The Employee shall be entitled to participate on the same basis, subject to the same qualifications, as other employees of the Employer in any disability, pension, life insurance, health insurance, hospitalization and other fringe benefit plans in effect with respect to employees of the Employer, in accordance with the written terms of said plans which shall be controlling.
- D. The Employer shall purchase such additional medical, disability, life insurance or any other fringe benefit programs of the Employee's choosing up to a maximum amount of \$20,000 per annum. The income tax implications of this compensation shall be the responsibility of

Employee.

- E. In addition to his salary, the Employee will be eligible to earn each year during the term of his employment incentive compensation in amounts to be determined by the Compensation Committee of the Board of Directors based on the Company's and the Employee's performance during each fiscal year. \$125,000 per annum may be earned, payable quarterly, for achieving targeted Company and personal objectives and \$125,000 per annum may be earned, payable 45 days after the end of the fiscal year, for achieving super objectives. Incentive compensation for the fiscal year ending September 30, 1997 shall be prorated from the Employee's first day of full time employment under this Agreement. The Employee's annual incentive compensation target may be increased from time to time in accordance with the normal business practices of the Employer and, if so increased, shall not thereafter be decreased, except by the mutual agreement of the parties.
- F. On the earlier of (a) the commencement date of a consulting engagement between Cavalier and MapInfo and (b) the Employee's first day of employment, the Employee shall be granted 200,000 non-qualified stock options under the 1993 Stock Incentive Plan in accordance with the provisions of the attached plan. The exercise price of the options shall be the fair market value of MapInfo Common Stock on the date of the option grant. 25% of such options will vest on each of the four anniversary dates of the grant date.
- G. To assist in relocation, Employee shall be entitled to borrow up to \$200,000 from MapInfo at no (0%) interest for expenses reasonably incurred by him in relocating his immediate family, including costs of selling his present Texas residence, closing costs on the purchase of new home in the Capital District, moving household goods, temporary living costs during the relocation period, other reasonable incidental costs, and the personal tax consequences thereof. One half of such loan will be forgiven on the one year anniversary date of Employee's permanent relocation to the Capital District, provided he is employed by MapInfo at that time. The second half will be forgiven on the second anniversary date of Employee's permanent relocation to the Capital District provided he is employed by MapInfo at that time. If the Employee was terminated by the Employer for other than Cause, the loan shall be forgiven. In all other instances of termination of employment prior to that second anniversary date, the loan will be immediately due and payable.

### 3. INTELLECTUAL PROPERTY, CONFIDENTIAL INFORMATION AND NON-COMPETITION.

The Employee shall have executed the attached Employee Intellectual Property, Confidential Information and Non-Competition Agreement prior to commencement of employment.

### 4. IRREPARABLE INJURY.

The Employee acknowledges that any violation by him of Article 3 of this Agreement may cause the Employer irreparable injury. In the event of a breach or threatened breach by the Employee of the provisions of Article 3 of this Agreement, the Employer shall be entitled to an injunction restraining the Employee from violating the terms thereof, from disclosing to any person, firm, corporation, association or other entity, whether or not the Employee is then employed by, or an officer, director, or owner thereof, any Proprietary Information. Nothing herein shall be construed as prohibiting the Employer from pursuing any other remedies available to it for such breach or threatened breach, including recovery of damages from the Employee. Both parties hereto recognize that the services to be rendered by the Employee during the term of his employment are special, unique and of extraordinary character.

## 5. EARLY TERMINATION.

A. The Employee's employment hereunder may be terminated prior to the Contract Expiration Date only under the following circumstances:

1. The death of the Employee;
2. A mental, physical or other disability or condition of the Employee which renders the Employee incapable of performing his obligations under this Agreement for a period of three (3) consecutive months;
3. By the Employee for Good Reason. For purposes of this Agreement, "Good Reason" shall mean (i) a failure by the Employer to comply with any material provision of this Agreement which has not been cured within ten (10) days after written notice of such noncompliance has been given by the Employee to the Employer, or (ii) a change in control of Employer.
4. By the Employer for Cause. For purposes of this Agreement, the Employer shall have "Cause" to terminate the Employee's employment hereunder upon (a) the willful and continued failure by the Employee to substantially perform his duties hereunder (other than any such failure resulting from the Employee's incapacity due to physical or mental illness), or (b) the willful engaging by the Employee in misconduct which is materially injurious to the Employer, monetarily or otherwise, or (c) of the willful violation by the Employee of the provisions of the Nondisclosure Agreement.

B. Any termination of the Employee's employment by the Employer or by the Employee shall be communicated by written Notice of Termination to the other party hereto.

C. "Date of Termination" shall mean (1) if the Employee's employment is terminated by his death, the date of his death, (2) if the Employee's employment is terminated by reason of the event specified in subsection A.2. above, thirty (30) days after Notice of Termination is given

(provided that the Employee shall not have returned to the performance of his duties on a full-time basis during such thirty (30) day period), (3) if the Employee's employment is terminated for Cause pursuant to subsection A.3. above, the date the Notice of Termination is given or later if so specified in such Notice of Termination, and (4) if the Employee's employment is terminated for any other reason, the date on which a Notice of Termination is given. If within thirty (30) days after any Notice of Termination is given the party receiving such Notice of Termination notified the other party that a dispute exists concerning the termination, the Date of Termination shall be the date fixed, either by arbitration award or by a final judgment, order or decree of a court of competent jurisdiction.

## 6. COMPENSATION UPON EARLY TEMINATION OR DISABILITY.

- A. During any period that the Employee fails to perform his duties hereunder as a result of incapacity due to physical or mental illness ("disability period"), the Employee shall continue to receive his full salary at the rate then in effect for such period until his employment is terminated pursuant to Article 5, subsection A.2. hereof, provided that payments so made to the Employee during the disability period shall be reduced by the sum of the amounts, if any, payable to the Employee at or prior to the time of any such payment under disability benefit plans of the Employer and which were not previously applied to reduce any such payment.
- B. If the Employee's employment is terminated by his death, the Employer shall have no further payment obligations to Employee other than those arising from his employment prior to his death.
- C. If the Employee's employment shall be terminated for Cause, the Employer shall pay the Employee his full salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, and any incentive compensation earned under Article 2, section E through the Date of Termination and the Employer shall have no further obligations to the Employee under this Agreement.
- D. If the Employee shall terminate his employment by resigning for other than Good Reason, the Employer shall pay the Employee his full salary through the Date of Termination at that rate in effect at the Notice of Termination is given, and any incentive compensation earned under Article 2, section E as of the Date of Termination.
- E. If (1) the Employee's employment shall be terminated by MapInfo for reasons other than pursuant to Article 5, section A.1, A.2 or A.4 hereof or (2) if the Employee shall terminate his employment for Good Reason, then
  - a) the Employer shall pay the Employee his full salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, and any incentive compensation earned under

Article 2, section E as of the Date of Termination;

- b) the Employer shall, in addition, pay as severance pay to the Employee a sum equal to the Employee's annual salary in effect at the Date of Termination in a lump sum on or before the tenth day following the Date of Termination;
- c) and the Employer shall continue the Employee's health and dental insurance coverage for the one year period following the Date of Termination on the same terms as provided to other employees of the Employer.

F. Upon any change in control of the Employer, all outstanding stock options of Employee to purchase common stock of Employer not theretofore exercisable by Employee shall be and become immediately exercisable as of the date of such change in control of Employer for such period and upon such terms that are provided in the stock option plan.

## 7. NOTICES.

All communications and notices hereunder shall be in writing.

## 8. ENTIRE AGREEMENT.

This Agreement and the agreements and exhibits referred to herein constitute the entire understanding between that parties and supersede and cancel all prior agreements or understandings between the parties hereto. No waiver or modification of the terms hereof shall be valid unless in writing signed by both parties hereto and only to the extent therein set forth.

## 9. SUCCESSORS.

- A. The Employer will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Employer, by agreement in form and substance satisfactory to the Employee, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Employer would be required to perform it if no such succession had taken place. Failure of the Employer to obtain such agreement prior to the effectiveness of any such succession shall, at Employee's option to treat it as such, be a breach of this Agreement, except that for the purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Employer" shall mean the Employer as herein above defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Article 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of the law.
- B. This Agreement shall be binding upon and inure to the benefit of the

parties hereto, their respective heirs, administrators, executors, personal representatives, successors and assigns; provided, however, that except as provided in this Article 9, this Agreement may not be assigned by either of the parties hereto. If the Employee should die while any amounts would still be payable to him, all such amounts earned, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Employee's designee or, if there be no such designee, to the Employee's estate.

10. ARBITRATION.

Except as otherwise provided in Article 4, any dispute or claim relating to or arising out of the employment of the Employer, whether based on contract or tort or otherwise, but not including statutory claims, shall be subject to final and binding arbitration in the State of New York in accordance with the applicable commercial arbitration rules of the American Arbitration Association in effect at the time the claim or dispute arose. The arbitrators shall have jurisdiction to determine any such claim, and may grant any relief authorized by law for such claim. The arbitrators' decision shall be based on and supported by written findings of fact and conclusions of law. Any claim or dispute subject to arbitration shall be deemed waived, and shall be forever barred, if arbitration is not initiated within twelve (12) months of the date the claim or dispute first arose.

11. GOVERNING LAW.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to the choice of law provisions thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Employment Agreement as of the date and year first written above.

EMPLOYEE:

MAPINFO:

/s/ John C. Cavalier 9/28/96

/s/ Michael D. Marvin 10/1/96

-----  
John C. Cavalier

-----  
By \_\_\_\_\_

MAPINFO CORPORATION  
EMPLOYEE INTELLECTUAL PROPERTY, CONFIDENTIAL INFORMATION AND  
NON-COMPETITION AGREEMENT

To the Company:

The term "Company," as used in this Agreement, means MapInfo Corporation ("MapInfo"), Troy, New York, and any and all of its successors, assigns, present or future subsidiaries, or organizations controlled by, controlling or under common control with MapInfo, through merger, acquisition or other legal formation.

In consideration of (1) the fact of my employment, with the Company, in any capacity and wherever I am located, and (2) the compensation paid by the Company for my services, I agree to all of the following with regard to:

Intellectual Property Issues:

All inventions, discoveries, concepts, ideas or improvements and developments (all, collectively, called "Inventions" from here on) relating to products made or conceived by me (whether made solely by me or jointly with others) from the time of entering the Company's employ until I leave, (1) which are along the lines of the business or work of or discussed by, the Company, or (2) which result from or are suggested by any work which I may do for or on behalf of the Company, or (3) made on Company time or with Company resources, shall be and remain the sole and exclusive property of the Company or its nominees, whether patented or not. Further, I agree:

(A) to disclose Inventions to the Company promptly and fully, and, during and subsequent to my employment, to assist the Company and its nominees in every proper way (without charge to the Company, but without expense to me) to obtain for its or their own benefit intellectual property protection, including but not limited to patents for such inventions in any and all countries;

(B) to make and maintain adequate and current written records of all Inventions, in the form of notes or reports or representations in any form appropriate, which records shall be and remain the property of and be available to the Company at all times; and

(C) to deliver promptly to the Company on termination of my employment, all memoranda, notes, records, reports, manuals, drawings, any other documents, software, data disks, tapes and other items belonging to the Company (i.e. all written or other media embodied material obtained at Company expense or otherwise acquired in connection with the performance of my work with the Company, whether or not related to any Invention),

including all copies of such materials, which I may possess or have under my control.

Confidential Information:

Except as the Company may otherwise consent in writing:

(A) not to publish or otherwise disclose or use at any time (except as my Company duties may require) either during or subsequent to my employment, any information, knowledge, or data of the Company I may receive or develop during the course of my employment, relating to business processes, computer programs, methods, machines, manufactures, Inventions, accounting methods, information systems, business or financial plans or reports, customer lists, customer preferences, or other matters which are of a secret\* or confidential\* nature;

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\* These terms are used in the ordinary sense and do not necessarily refer to official security classifications of the United States Government.

(B) to notify the Company in writing before I make any disclosure or perform or cause to be performed any work for or on behalf of the Company, which appears to threaten conflict with (1) rights I claim in any Invention (a) conceived by me or others prior to my employment, or (b) otherwise outside the scope of this Agreement, or (2) rights of others arising out of obligations incurred by me (a) prior to this Agreement, or (b) otherwise outside the scope of this Agreement. In the event of my failure to give notice under the circumstances specified in (1) of the foregoing, the Company may assume that no such conflicting invention or idea exists, and I agree that I will make no claim against the Company with respect to the use of such Invention in any work or on behalf of the Company. EXCEPT AS SPECIFICALLY LISTED BELOW, I will not assert any rights under any Inventions, or know-how related to them, as having been made or acquired by me prior to my being employed by the Company, or since then and not otherwise covered by the terms of this Agreement.

Competition to the Company/Solicitation of Employees:

I understand that the Company is engaged in a highly competitive industry I agree that for the period of my employment with MapInfo Corporation, and for one year after my last day of MapInfo employment:

1) I shall not work for, consult with or, directly or indirectly, otherwise perform any services for the following MapInfo competitors (including parent and subsidiary entities) under whatever future name known and wherever located: Environmental Systems Research Institute, Inc. of Redlands, CA; Strategic Mapping, Inc. of Santa Clara, CA; Autodesk, Inc. of San Rafael, CA; Caliper Corporation of Newton, MA; Integraph Corporation of Huntsville, Alabama, and, for any mapping related position only, Microsoft Corporation of Redmond, Washington; and

2) I shall not solicit, or cause to be solicited any MapInfo employee for employment by any other entity.

Agreement, Governing Law, Other Obligations, Facsimile Signatures:

This Agreement supersedes and replaces any existing agreement which I have entered into with the Company relating generally to the same subject matter. This Agreement may not on behalf of or in respect to the Company be changed or modified, or released, discharged, abandoned or otherwise terminated, in whole or in part, except by a subsequent written amendment or new agreement signed by an officer or other authorized executive of the Company and signed by me.

My obligations under this Agreement shall continue during and after Company employment, and shall be binding obligations on my legal representatives.

This Agreement shall be governed by the laws of New York State, U.S.A., and the venue to enforce my obligations or for any matter related to this Agreement, shall be either Albany or Rensselaer County Supreme Court, New York.

Any facsimile signature on this Agreement shall be accepted as an original for all purposes.

EXCEPT AS LISTED BELOW, I have no agreements with or obligations to others in conflict with any of the obligations that I am accepting by signing this document.

/s/ D. Joseph Gersuk

/s/ John C. Cavalier 9/30/96

-----  
Witness signature

-----  
Employee signature and date signed

D. Joseph Gersuk

John C. Cavalier ###-##-####

-----  
Print name of Witness

-----  
Print name & Social Security # of Employee

THE FOLLOWING ARE ALL INVENTIONS, DISCOVERIES, CONCEPTS, IDEAS, IMPROVEMENTS, KNOW-HOW TO WHICH I CLAIM RIGHTS THAT AROSE BEFORE MY EMPLOYMENT BY MAPINFO OR ARE OTHERWISE NOT COVERED BY THIS AGREEMENT:  
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-----  
-----  
-----

THE FOLLOWING ARE THE ONLY AGREEMENTS OR OBLIGATIONS TO WHICH I AM A PARTY WHICH MAY BE IN CONFLICT WITH OBLIGATIONS UNDERTAKEN ABOVE:  
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-----  
-----

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(use and sign extra sheets if necessary)

## MEMORANDUM

DATE: January 11, 1996

TO: Human Resources

FROM: Brian D. Owen

RE:

CC: Mike Marvin  
Joe Gersuk

Effective January 1, 1996 we will increase Joe Gersuk's base salary by 7.5% taking his new base salary to \$177,375.00 annually. Additionally, we will grant Joe an additional 10,000 option shares at the current price. Additionally, we will pay Joe an additional \$15,000.00 as a Q2 expense to offset Joe's expense burden of carrying mortgage payments on his Connecticut home while also paying rental on his Loudonville home.

In the event of a change of control at MapInfo where Joe did not have a position of equal authority and responsibility with the surviving corporate entity, Joe will be entitled to a nine month severance in addition to the terms and conditions outlined in his employment agreement.

STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS  
 (AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>  
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	YEAR ENDED SEPTEMBER 30,		
	1994	1995	1996
	-----	-----	-----
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PRIMARY			
Average shares outstanding	4,937	5,561	5,691
Net effect of dilutive stock options--based on the treasury stock method using average market price	294	280	174
	-----	-----	-----
Total	5,231	5,841	5,865
	=====	=====	=====
Net income	\$ 3,198	\$ 3,796	\$ 707
	=====	=====	=====
Earnings per share	\$ 0.61	\$ 0.65	\$ 0.12
	=====	=====	=====
FULLY DILUTED			
Average shares outstanding	4,937	5,561	5,691
Net effect of dilutive stock options--based on the treasury stock method using the year-end market price, if higher than the average market price	299	280	174
	-----	-----	-----
Total	5,236	5,841	5,865
	=====	=====	=====
Net income	\$ 3,198	\$ 3,796	\$ 707
	=====	=====	=====
Earnings per share	\$ 0.61	\$ 0.65	\$ 0.12
	=====	=====	=====

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## SUBSIDIARIES OF THE REGISTRANT

<TABLE>		
<CAPTION>		
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----	-----	
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MapInfo Limited	England	
MapInfo GmbH	Germany	
MapInfo Australia Pty Ltd.	Australia	

&lt;/TABLE&gt;

## CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of MapInfo Corporation on Forms S-8 (File Nos. 33-74660, 33-74662, 33-74664, 33-78406, 33-88780 and 333-4268) of our report dated November 5, 1996, on our audits of the consolidated financial statements and financial statement schedule of MapInfo Corporation and Subsidiaries as of September 30, 1995 and 1996, and for the years ended September 30, 1994, 1995, and 1996, which report is included in this Annual Report on Form 10-K.

COOPERS & LYBRAND L.L.P.

Albany, New York  
December 27, 1996

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET AND INCOME STATEMENT AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<MULTIPLIER> 1,000

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