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**MATRIXONE, INC. REPORTS RECORD SECOND QUARTER REVENUES AND EARNINGS**

*— Revenues and Earnings Exceed First Call Estimates —*

*— Second Quarter Software License Revenues Increase 160% and Total Revenues Increase 112% —*

**Chelmsford, Mass. – January 24, 2001** – MatrixOne, Inc. (NASDAQ: MONE), the first in Intelligent Collaborative Commerce™, announced today results for its second quarter ended December 30, 2000.

For the second quarter ended December 30, 2000, total revenues increased 112% to a record \$34.3 million, compared to \$16.2 million in the same period last year. Software license revenues increased 160% to a record \$21.8 million in the second quarter ended December 30, 2000, up from \$8.4 million in the same period last year. Software license revenues represented 64% of total revenues, compared to 52% in the same period last year.

For the second quarter ended December 30, 2000, net income was \$2.2 million, or \$0.04 per share, compared to a net loss of \$2.1 million, or \$0.06 per share on a pro forma basis, in the same period last year. For the second quarter, net income, excluding stock-based compensation, was \$3.2 million, or \$0.06 per share, compared to a net loss of \$1.2 million, or \$0.04 per share on a pro forma basis, in the same period last year.

For the six months ended December 30, 2000, total revenues increased 109% to a record \$62.8 million, compared to \$30.0 million in the same period last year.

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Software license revenues increased 152% to a record \$39.9 million for the six months ended December 30, 2000, up from \$15.9 million in the same period last year. Software license revenues represented 64% of total revenues, compared to 53% in the same period last year.

For the six months ended December 30, 2000, net income was \$2.7 million, or \$0.05 per share, compared to a net loss of \$3.5 million, or \$0.11 per share on a pro forma basis, in the same period last year. For the six months ended December 30, 2000, net income, excluding stock-based compensation, was \$4.8 million, or \$0.10 per share, compared to a net loss of \$2.0 million, or \$0.06 per share on a pro forma basis, in the same period last year.

“Our strong growth is a clear validation of the ability of our collaborative solutions to leverage the potential of the Internet to transform our customers’ businesses,” said Mark O’Connell, MatrixOne President and CEO. “Our eMatrix™ platform and new Value Chain Portfolio™ applications are extending the power of collaboration among companies to include their partners and suppliers, in a growing range of industries, and now in public and private net markets.”

The following milestones were completed or announced since our last quarterly earnings release on October 25, 2000:

In the second quarter we received significant customer orders from numerous leading global companies including: Adidas, Applied Materials, General Electric, Philips CE and Takata.

MatrixOne introduced a powerful new application family called the Value Chain Portfolio, focused on automating specific business collaboration processes over the Internet for enterprises and their suppliers and partners. Among the new additions to the Value Chain Portfolio are Software Central and Configurator Central.

MatrixOne announced an alliance with PricewaterhouseCoopers, the world’s largest professional services organization, to provide collaborative product commerce solutions for the telecommunications and semiconductor industries.

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MatrixOne unveiled its strategy to add powerful collaboration capabilities to the buy-sell transactions available through private and public net markets. With the MatrixOne net market applications, private and public net markets will be able to offer their communities secure, high value collaborative business processes. This strategy was quickly validated by the rapid subsequent announcements of three major net market successes for MatrixOne.

MatrixOne announced a partnership with e2open™, the leading public net market in the electronics industry. MatrixOne's eMatrix framework and Value Chain Portfolio applications, coupled with the Ariba B2B Commerce Platform™ will provide key components for e2open's full-service collaboration network for design, supply chain and commerce for the \$1 trillion global electronics industry. This technology agreement will enable e2open to offer its members the first and only design collaboration and commerce services, enhancing the visibility of suppliers, OEMs, contract manufacturers and distributors within the design process, improving product innovation, reducing time-to-market and overall costs.

MatrixOne and Johnson Controls, Inc. announced a partnership to jointly develop a private net market solution for automotive suppliers to bring new levels of design collaboration, communication and management to the entire supply chain. MatrixOne will incorporate the functionality of Johnson Controls, Inc.'s current proprietary Advance Quality Planning (AQP) system into a comprehensive and secure solution that addresses the significant supply chain challenges facing automotive suppliers.

MatrixOne announced that TranspoLink.com, the industry-sponsored public net market for communication and collaboration in the U.S. transportation construction industry, has selected eMatrix as its net market platform to achieve greater project efficiencies and secure real-time collaboration between Departments of Transportation (DOTs), prime contractors, sub-contractors and suppliers specializing in transportation construction.

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MatrixOne held its annual Global Customer Conference at Walt Disney World in Orlando, Florida. The theme of the conference was “Thriving in the B2B Economy.” There were over 700 people in attendance. The customers and prospects represented some of the largest industrial companies in the world. Attendees heard numerous success stories presented by our customers and insights from several leading authors on the B2B economy.

#### **About MatrixOne, Inc.**

MatrixOne, Inc. (NASDAQ: MONE) is the first in Intelligent Collaborative Commerce. The Company’s Internet software products provide an infrastructure for establishing business-to-business collaboration among trusted customers, suppliers and other business partners, while also enabling secure access to independent trading communities and applications within private and public net markets. The eMatrix platform and Value Chain Portfolio applications use the Internet to link people, processes and information to enable dramatic improvements in profitability and efficiency throughout the value chain.

MatrixOne has global customers in the high technology, aerospace/defense, automotive, communications, consumer, mechanical, machinery, medical equipment and process industries, including General Electric, John Deere, Procter & Gamble, Nokia, Toshiba, Philips, Siemens, Alcatel, JDS Uniphase and Honda. These companies are using MatrixOne solutions to enhance their competitive advantage in the burgeoning business-to-business economy.

Headquartered in Chelmsford, Massachusetts, MatrixOne ([www.matrixone.com](http://www.matrixone.com)) maintains offices in North America, Europe and Asia.

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Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 - Forward-looking statements in this release are not promises or guarantees and are subject to risks and uncertainties that could cause our actual results to differ materially from those anticipated. We caution you not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Such statements may relate, among other things, to our plans, objectives and expected financial and operating results. Forward-looking statements will also include, without limitation, any statement relating to future events, conditions or circumstances or using words such as: will, believe, anticipate, expect, could, may, estimate, project, plan, predict, or intend. The risks and uncertainties that may affect forward-looking statements include, among others: the market may not accept our products; our sales cycle is lengthy and variable; we may be unable to develop new products and services that keep pace with technology; we may be unable to develop and maintain successful relationships with systems integrators and complementary technology vendors, our international operations are subject to greater business risks than our domestic operations, future acquisitions may adversely affect our operations and financial results, we may be unable to manage our rapid growth which places a significant strain on our resources, and increased competition may have an adverse effect on pricing, revenues, gross margins and our customer base. For a more detailed discussion of the risks and uncertainties of our business, please refer to our periodic reports and registration statements filed with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended July 1, 2000.

**MATRIXONE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	December 30, 2000	January 1, 2000	December 30, 2000	January 1, 2000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Revenues:</b>				
Software license .....	\$ 21,817	\$ 8,401	\$ 39,927	\$ 15,861
Service .....	12,474	7,766	22,912	14,187
Total revenues .....	34,291	16,167	62,839	30,048
<b>Cost of Revenues:</b>				
Software license .....	2,118	889	3,914	1,894
Service .....	9,232	6,203	17,184	11,230
Total cost of revenues .....	11,350	7,092	21,098	13,124
<b>Gross Profit</b> .....	<b>22,941</b>	<b>9,075</b>	<b>41,741</b>	<b>16,924</b>
<b>Operating Expenses:</b>				
Selling and marketing .....	15,248	7,500	28,929	13,671
Research and development .....	4,245	1,634	7,823	3,114
General and administrative .....	2,295	1,203	4,514	2,285
Stock-based compensation .....	1,040	859	2,086	1,492
Total operating expenses .....	22,828	11,196	43,352	20,562
<b>Income (Loss) from Operations</b> .....	<b>113</b>	<b>(2,121)</b>	<b>(1,611)</b>	<b>(3,638)</b>
Other Income, Net .....	2,653	42	5,156	140
Income (Loss) Before Income Taxes .....	2,766	(2,079)	3,545	(3,498)
Provision for Income Taxes .....	577	-	827	-
<b>Net Income (Loss)</b> .....	<b>\$ 2,189</b>	<b>\$ (2,079)</b>	<b>\$ 2,718</b>	<b>\$ (3,498)</b>
<b>Net Income (Loss) Per Share:</b>				
Basic net income (loss) per share .....	\$ 0.05	\$ (0.35) (a)	\$ 0.06	\$ (0.63) (a)
Diluted net income (loss) per share .....	\$ 0.04(c)	\$ (0.35) (a)	\$ 0.05 (c)	\$ (0.63) (a)
<b>Shares Used in Computing:</b>				
Basic net income (loss) per share .....	43,022	5,868 (a)	42,644	5,535 (a)
Diluted net income (loss) per share .....	50,157(c)	5,868 (a)	50,275 (c)	5,535 (a)
<b>Pro Forma Net Income (Loss) Per Share:</b>				
Pro forma basic net income (loss) per share...	\$ 0.05	\$ (0.06) (b)	\$ 0.06	\$ (0.11) (b)
Pro forma diluted net income (loss) per share	\$ 0.04(c)	\$ (0.06) (b)	\$ 0.05 (c)	\$ (0.11) (b)
<b>Pro Forma Net Income (Loss) Per Share, Excluding Stock-Based Compensation:</b>				
Pro forma basic net income (loss) per share...	\$ 0.08	\$ (0.04) (b)	\$ 0.11	\$ (0.06) (b)
Pro forma diluted net income (loss) per share	\$ 0.06(c)	\$ (0.04) (b)	\$ 0.10 (c)	\$ (0.06) (b)
<b>Shares Used in Computing:</b>				
Pro forma basic net income (loss) per share...	43,022	32,630 (b)	42,644	32,298 (b)
Pro forma diluted net income (loss) per share	50,157(c)	32,630 (b)	50,275 (c)	32,298 (b)

(a) The shares used in the computation of basic and diluted net loss per share for the three and six months ended January 1, 2000 exclude the assumed conversion of all outstanding preferred stock into common stock.

(b) The shares used in the computation of pro forma basic and diluted net loss per share for the three and six months ended January 1, 2000 include the assumed conversion of all outstanding preferred stock into common stock, as if the conversion had occurred at the date of issuance.

- (c) The shares used in the computation of diluted net income per share for the three and six months ended December 30, 2000 include 7,135 and 7,631 common stock equivalents, such as stock options and warrants, respectively.

**MATRIXONE, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands)

	December 30, 2000 (unaudited)	July 1, 2000
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and equivalents	\$ 160,264	\$ 153,455
Accounts receivable, net	32,210	21,388
Prepaid expenses and other current assets	<u>5,537</u>	<u>3,993</u>
Total current assets	198,011	178,836
<b>Property and Equipment, Net</b>	6,725	4,615
<b>Other Assets</b>	<u>2,295</u>	<u>966</u>
	<u><b>\$ 207,031</b></u>	<u><b>\$ 184,417</b></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 10,772	\$ 5,921
Accrued expenses	22,913	16,026
Deferred revenues	<u>14,095</u>	<u>10,877</u>
Total current liabilities	47,780	32,824
<b>Stockholders' Equity:</b>		
Common stock	432	420
Additional paid-in capital	206,973	205,344
Notes receivable from stockholders	—	(738)
Deferred stock-based consideration	(10,945)	(14,088)
Accumulated deficit	(36,108)	(38,826)
Accumulated other comprehensive loss	<u>(1,101)</u>	<u>(519)</u>
Total stockholders' equity	159,251	151,593
	<u><b>\$ 207,031</b></u>	<u><b>\$ 184,417</b></u>