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MATRIXONE, INC. REPORTS RECORD THIRD QUARTER REVENUES AND EARNINGS

-- Total Revenues and Earnings Exceed First Call Estimates --

-- Third Quarter Software License Revenues Increase 109% and Total Revenues Increase 92% --

Chelmsford, Mass. – April 25, 2001 — MatrixOne, Inc. (NASDAQ: MONE), the first in Intelligent Collaborative Commerce™, announced today results for its third quarter ended March 31, 2001.

For the third quarter ended March 31, 2001, total revenues increased 92% to a record \$38.1 million, compared to \$19.8 million in the same period last year. Software license revenues increased 109% to a record \$22.4 million in the third quarter ended March 31, 2001, up from \$10.7 million in the same period last year.

For the third quarter ended March 31, 2001, net income was \$2.6 million, or \$0.05 per share, compared to a net loss of \$2.9 million, or \$0.08 per share on a pro forma basis, in the same period last year. For the third quarter, net income, excluding stock-based compensation, was \$3.6 million, or \$0.07 per share, compared to a net loss of \$1.9 million, or \$0.05 per share on a pro forma basis, in the same period last year.

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For the nine months ended March 31, 2001, total revenues increased 102% to a record \$100.9 million, compared to \$49.9 million in the same period last year. Software license revenues increased 135% to a record \$62.4 million for the nine months ended March 31, 2001, up from \$26.6 million in the same period last year. Software license revenues represented 62% of total revenues, compared to 53% in the same period last year.

For the nine months ended March 31, 2001, net income was \$5.3 million, or \$0.11 per share, compared to a net loss of \$6.4 million, or \$0.19 per share on a pro forma basis, in the same period last year. For the nine months ended March 31, 2001, net income, excluding stock-based compensation, was \$8.4 million, or \$0.17 per share, compared to a net loss of \$3.9 million, or \$0.12 per share on a pro forma basis, in the same period last year.

“Leading companies around the world are recognizing that Internet collaboration can accelerate products to market which in turn drives new revenue opportunities. Our eMatrix™ platform and Value Chain Portfolio™ applications, with support from our strong network of partners, uniquely positions us to meet the collaboration needs of our rapidly growing customer base,” said Mark O’Connell, president and CEO of MatrixOne. “Our financial results validate MatrixOne’s position as the clear leader in the growing Internet collaboration market.”

The following milestones were completed or announced since MatrixOne’s last quarterly earnings release on January 24, 2001:

- MatrixOne continued to realize widespread adoption of its eMatrix platform and Value Chain Portfolio applications. During the third quarter of fiscal 2001 the Company received significant revenue from the following customers: Agilent Technologies, Applied Materials, General Electric, Schlumberger and Draxelmaier Group;

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- MatrixOne and Cap Gemini Ernst & Young, a global leader of management and information technology consulting services, formalized an alliance to deliver product collaboration and net market solutions for a variety of industries. The target industries include automotive, aviation, manufacturing, pharmaceutical, energy, utilities and high-tech. The expandability and flexibility of MatrixOne's solutions - the eMatrix platform and Value Chain Portfolio applications - combined with Cap Gemini Ernst & Young's deep industry knowledge are enabling clients to rapidly deploy focused business solutions;
- MatrixOne announced a new addition to its Value Chain Portfolio with the release of Team Central. This application enables people in different enterprises to work together on common projects in a highly secure environment. This facilitates a dramatic increase in sharing innovations and accelerating projects and products to market. MatrixOne is the first company to offer an integrated solution for both ad hoc and formal collaboration across the value chain; and
- MatrixOne announced the opening of its Asia-Pacific headquarters in Singapore and its plans for the opening of an Asia-Pacific customer success center in Korea. The new office will act as the center for MatrixOne's North Asia operations and enable the Company to better service clients throughout the Asia-Pacific region.

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) maintains offices in North America, Europe and Asia.

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eMatrix, Value Chain Portfolio and Intelligent Collaborative Commerce are trademarks of MatrixOne.

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.

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MATRIXONE, INC.**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	March 31, 2001	April 1, 2000	March 31, 2001	April 1, 2000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues:				
Software license	\$ 22,426	\$ 10,711	\$ 62,353	\$ 26,572
Service	15,679	9,126	38,591	23,313
Total revenues	<u>38,105</u>	<u>19,837</u>	<u>100,944</u>	<u>49,885</u>
Cost of Revenues:				
Software license	2,420	1,135	6,334	3,029
Service	11,490	7,148	28,674	18,378
Total cost of revenues	<u>13,910</u>	<u>8,283</u>	<u>35,008</u>	<u>21,407</u>
Gross Profit	<u>24,195</u>	<u>11,554</u>	<u>65,936</u>	<u>28,478</u>
Operating Expenses:				
Selling and marketing	14,027	10,037	42,956	23,708
Research and development	5,608	2,429	13,431	5,543
General and administrative	2,673	1,550	7,187	3,835
Stock-based compensation	1,031	1,042	3,117	2,534
Total operating expenses	<u>23,339</u>	<u>15,058</u>	<u>66,691</u>	<u>35,620</u>
Income (Loss) from Operations	<u>856</u>	<u>(3,504)</u>	<u>(755)</u>	<u>(7,142)</u>
Other Income, Net	<u>2,364</u>	<u>589</u>	<u>7,520</u>	<u>729</u>
Income (Loss) Before Income Taxes	<u>3,220</u>	<u>(2,915)</u>	<u>6,765</u>	<u>(6,413)</u>
Provision for Income Taxes	<u>638</u>	<u>—</u>	<u>1,465</u>	<u>—</u>
Net Income (Loss)	<u>\$ 2,582</u>	<u>\$ (2,915)</u>	<u>\$ 5,300</u>	<u>\$ (6,413)</u>
Net Income (Loss) Per Share:				
Basic net income (loss) per share	<u>\$ 0.06</u>	<u>\$ (0.15) (a)</u>	<u>\$ 0.12</u>	<u>\$ (0.64) (a)</u>
Diluted net income (loss) per share	<u>\$ 0.05 (c)</u>	<u>\$ (0.15) (a)</u>	<u>\$ 0.11 (c)</u>	<u>\$ (0.64) (a)</u>
Shares Used in Computing:				
Basic net income (loss) per share	<u>43,982</u>	<u>18,907 (a)</u>	<u>43,090</u>	<u>9,992 (a)</u>
Diluted net income (loss) per share	<u>50,360 (c)</u>	<u>18,907 (a)</u>	<u>50,303 (c)</u>	<u>9,992 (a)</u>
Pro Forma Net Income (Loss) Per Share:				
Pro forma basic net income (loss) per share	<u>\$ 0.06</u>	<u>\$ (0.08) (b)</u>	<u>\$ 0.12</u>	<u>\$ (0.19) (b)</u>
Pro forma diluted net income (loss) per share	<u>\$ 0.05 (c)</u>	<u>\$ (0.08) (b)</u>	<u>\$ 0.11 (c)</u>	<u>\$ (0.19) (b)</u>
Pro Forma Net Income (Loss) Per Share, Excluding Stock-Based Compensation:				
Pro forma basic net income (loss) per share	<u>\$ 0.08</u>	<u>\$ (0.05) (b)</u>	<u>\$ 0.20</u>	<u>\$ (0.12) (b)</u>
Pro forma diluted net income (loss) per share	<u>\$ 0.07 (c)</u>	<u>\$ (0.05) (b)</u>	<u>\$ 0.17 (c)</u>	<u>\$ (0.12) (b)</u>
Shares Used in Computing:				
Pro forma basic net income (loss) per share	<u>43,982</u>	<u>36,258 (b)</u>	<u>43,090</u>	<u>33,618 (b)</u>
Pro forma diluted net income (loss) per share	<u>50,360 (c)</u>	<u>36,258 (b)</u>	<u>50,303 (c)</u>	<u>33,618 (b)</u>

- (a) The shares used in the computation of basic and diluted net loss per share for the three and nine months ended April 1, 2000 exclude the assumed conversion of all outstanding preferred stock into common stock for the periods prior to the actual conversion on March 1, 2000.
- (b) The shares used in the computation of pro forma basic and diluted net loss per share for the three and nine months ended April 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 nine months ended March 31, 2001 include 6,378 and 7,213 common stock equivalents, such as stock options and warrants, respectively.

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

	March 31, 2001 (unaudited)	July 1, 2000
ASSETS		
Current Assets:		
Cash and equivalents	\$ 167,938	\$ 153,455
Accounts receivable, net	29,533	21,388
Prepaid expenses and other current assets	4,993	3,993
Total current assets	202,464	178,836
Property and Equipment, Net	9,879	4,615
Other Assets	2,416	966
	<u>\$ 214,759</u>	<u>\$ 184,417</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 7,733	\$ 5,921
Accrued expenses	27,108	16,026
Deferred revenues	16,589	10,877
Total current liabilities	51,430	32,824
Stockholders' Equity:		
Common stock	444	420
Additional paid-in capital	207,693	205,344
Notes receivable from stockholders	—	(738)
Deferred stock-based consideration	(9,343)	(14,088)
Accumulated deficit	(33,526)	(38,826)
Accumulated other comprehensive loss	(1,939)	(519)
Total stockholders' equity	163,329	151,593
	<u>\$ 214,759</u>	<u>\$ 184,417</u>

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