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MATRIXONE, INC. REPORTS FIRST QUARTER OPERATING RESULTS

-- Company to Host Live Web Cast to Review Results --

Westford, Mass. – October 24, 2001 — MatrixOne, Inc. (NASDAQ: MONE), a leading provider of product collaboration solutions for the value chain™, announced today results for its first quarter ended September 29, 2001.

For the first quarter ended September 29, 2001, total revenues were \$23.8 million, compared to \$28.5 million in the same period last year. For the first quarter ended September 29, 2001, net loss was \$11.9 million, or \$0.26 per share, compared to net income of \$0.5 million, or \$0.01 per share, in the same period last year. For the first quarter, net loss, excluding stock-based compensation, was \$10.9 million, or \$0.24 per share, compared to net income of \$1.6 million, or \$0.03 per share, in the same period last year.

“The challenging worldwide economy was a significant factor in our disappointing first quarter results. Prior to this quarter, we have had a track record of solid execution and strong quarterly financial performance since becoming a public company,” said Mark O’Connell, president and chief executive officer of MatrixOne. “We are taking the appropriate actions required to align the Company’s operating structure with current market conditions while simultaneously improving sales execution. I am very optimistic about our future. Our strong value proposition continues to enable companies to reduce costs, enhance product innovation, improve quality, and accelerate product time-to-market – critical deliverables in these challenging economic times.”

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The following milestones were completed or announced since MatrixOne's fourth quarter earnings release on August 1, 2001:

- MatrixOne® continued to help customers achieve their business objectives as evidenced by both new and existing customer successes in a broad range of markets, including aerospace and defense, apparel, automotive, consumer packaged goods, general machinery, high-technology, and medical equipment. During the first quarter, MatrixOne recognized revenue from some of the world's most innovative companies including Applied Materials; Avaya; BAE Systems; Columbia Sportswear; Engineered Support Systems (SEI); Fujitsu Networks; and W.E.T. Automotive.
- MatrixOne announced that Covisint, a global solutions provider partnering with the automotive industry, will integrate MatrixOne's Value Chain Portfolio™ of applications for collaboration and strategic sourcing into the Covisint Virtual Project Workspace and future Covisint offerings. Covisint selected MatrixOne for its significant penetration in the automotive industry and its broad solutions for each stage of the product collaboration process. This agreement solidifies MatrixOne's leadership position in the automotive industry as MatrixOne solutions become the standard that automotive companies adopt to cut costs and accelerate products to market.
- MatrixOne released its newest Value Chain Portfolio application, DocuManagement Central™, which is built upon MatrixOne's domain expertise and the best business practices of its customers – the most innovative companies in the world. This new application facilitates the sharing of product information throughout the value chain by enabling the creation and sharing of documents such as reports, project plans, formulas, and specifications, tying all the functions of the extended enterprise into the product collaboration process.
- Sun Microsystems recognized the high quality of MatrixOne products by naming MatrixOne as the first product collaboration software provider to achieve SunToneSM certification, an industry initiative based on stringent specifications to improve the quality of services and applications delivered over the Internet. This certification is a significant testament of the scalability, security, and reliability of MatrixOne's broad product collaboration solution offering.

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- MatrixOne reached a milestone in its partner economy, adding its 100th partner company in the first quarter of Fiscal Year 2002. The Company also expanded its partner relationships globally with organizations such as Hewlett-Packard Consulting and gedas GmbH.
- MatrixOne continued to receive industry accolades in the first quarter of Fiscal Year 2002. *Forbes Magazine* selected MatrixOne as a “Best of the Web” in the category of collaboration based on *Forbes’* strict criteria related to corporate strategy and execution.

Company to Host Live Web Cast

The Company’s management team will host a live web cast at 5:30 p.m. Eastern Standard Time today to discuss the financial results and management’s forward-looking guidance for the second quarter and Fiscal Year 2002. For more information, please click on www.matrixone.com/investor.

About MatrixOne

MatrixOne, Inc. (NASDAQ: MONE) is changing the way the world brings products to market™. The Company’s eMatrix™ product collaboration platform and out-of-the-box Value Chain Portfolio™ applications enable online collaboration across global value chains and secure access to independent trading communities in private and public marketplaces. A trusted partner to innovative companies, MatrixOne® helps customers accelerate the right products to market. MatrixOne’s more than 575 global customers represent the aerospace/defense, apparel, automotive, consumer packaged goods, general machinery, high-technology, and medical equipment industries, including GE, Procter & Gamble, Nokia, Siemens, JDS Uniphase, and Honda. Headquartered in Westford, Massachusetts, MatrixOne (www.matrixone.com) also maintains offices in North America, Europe, and Asia, with additional distributors in Latin America and Australia.

MatrixOne is a registered trademark, and eMatrix, Changing the Way the World Brings Products to Market, Leading Provider of Product Collaboration Solutions for the Value Chain, DocuManagement Central, and Value Chain Portfolio are trademarks of MatrixOne, Inc. All other trademarks and service marks are the property of their respective owners.

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 ability to respond to economic changes or 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 weakening of the worldwide economy may have an adverse effect on our financial results; 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 June 30, 2001.

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

	September 29, 2001 (unaudited)	September 30, 2000 (unaudited)
Revenues:		
Software license	\$ 6,898	\$ 18,110
Service	<u>16,942</u>	<u>10,438</u>
Total revenues	<u>23,840</u>	<u>28,548</u>
Cost of Revenues:		
Software license	703	1,796
Service	<u>13,471</u>	<u>7,952</u>
Total cost of revenues	<u>14,174</u>	<u>9,748</u>
Gross Profit	<u>9,666</u>	<u>18,800</u>
Operating Expenses:		
Selling and marketing	12,829	13,681
Research and development	6,150	3,578
General and administrative	2,894	2,219
Stock-based compensation	<u>988</u>	<u>1,046</u>
Total operating expenses	<u>22,861</u>	<u>20,524</u>
Loss from Operations	(13,195)	(1,724)
Other Income, Net	<u>1,283</u>	<u>2,503</u>
Income (Loss) Before Income Taxes	(11,912)	779
Provision for Income Taxes	<u>—</u>	<u>250</u>
Net Income (Loss)	<u>\$ (11,912)</u>	<u>\$ 529</u>
Net Income (Loss) Per Share:		
Basic net income (loss) per share	<u>\$ (0.26)</u>	<u>\$ 0.01</u>
Diluted net income (loss) per share	<u>\$ (0.26)</u>	<u>\$ 0.01 (a)</u>
Pro Forma Net Income (Loss) Per Share, Excluding Stock-Based Compensation:		
Pro forma basic net income (loss) per share	<u>\$ (0.24)</u>	<u>\$ 0.04</u>
Pro forma diluted net income (loss) per share	<u>\$ (0.24)</u>	<u>\$ 0.03 (a)</u>
Shares Used in Computing:		
Basic net income (loss) per share	<u>45,427</u>	<u>42,258</u>
Diluted net income (loss) per share	<u>45,427</u>	<u>50,384 (a)</u>

(a) The shares used in the computation of diluted net income per share for the three months ended September 30, 2000 include 8,126 common stock equivalents, such as stock options and warrants, respectively.

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

	September 29, 2001 (unaudited)	June 30, 2001
ASSETS		
Current Assets:		
Cash and equivalents	\$ 147,762	\$ 156,349
Accounts receivable, net	30,519	42,619
Prepaid expenses and other current assets	<u>5,594</u>	<u>3,535</u>
Total current assets	183,875	202,503
Property and Equipment, Net	13,527	12,291
Other Assets	<u>2,866</u>	<u>2,832</u>
	<u>\$ 200,268</u>	<u>\$ 217,626</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 9,493	\$ 9,966
Accrued expenses	17,359	21,125
Deferred revenues	<u>13,740</u>	<u>17,219</u>
Total current liabilities	<u>40,592</u>	<u>48,310</u>
Stockholders' Equity:		
Common stock	456	452
Additional paid-in capital	208,963	209,065
Deferred stock-based consideration	(6,964)	(8,297)
Accumulated deficit	(41,892)	(29,980)
Accumulated other comprehensive loss	<u>(887)</u>	<u>(1,924)</u>
Total stockholders' equity	<u>159,676</u>	<u>169,316</u>
	<u>\$ 200,268</u>	<u>\$ 217,626</u>

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