



Brian Norris
Investor Relations
MatrixOne, Inc.
978-589-4040
brian.norris@matrixone.com

Alyssa Ross
Public Relations
MatrixOne, Inc.
978-589-4067
alyssa.ross@matrixone.com

MATRIXONE, INC. REPORTS THIRD QUARTER OPERATING RESULTS

Westford, Mass. – April 24, 2002 — MatrixOne, Inc. (NASDAQ: MONE), a leading provider of product collaboration solutions for the value chain, announced today results for its third quarter ended March 30, 2002.

For the third quarter ended March 30, 2002, total revenues were \$32.6 million, compared to \$39.0 million in the same period last year. For the third quarter, net loss was \$5.0 million, or \$0.11 per share, compared to net income of \$2.6 million, or \$0.05 per share, in the same period last year. For the third quarter, pro forma net loss, which excludes stock-based compensation, was \$4.0 million, or \$0.09 per share, compared to pro forma net income of \$3.6 million, or \$0.07 per share, in the same period last year.

For the nine months ended March 30, 2002, total revenues were \$89.5 million, compared to \$102.9 million in the same period last year. For the nine months ended March 30, 2002, net loss was \$26.2 million, or \$0.57 per share, compared to net income of \$5.3 million, or \$0.11 per share, in the same period last year. For the nine months ended March 30, 2002, pro forma net loss, which excludes stock-based compensation and restructuring charges, was \$20.0 million, or \$0.44 per share. For the nine months ended March 31, 2001, pro forma net income, which excludes stock-based compensation, was \$8.4 million, or \$0.17 per share.

All service revenues and cost of service revenues presented herein have been restated to reflect the adoption of Emerging Issues Task Force Issue No. 01-14 relating to the accounting for reimbursements received for out-of-pocket expenses incurred. Accordingly, service revenues include reimbursements received for out-of-pocket expenses incurred, which were previously reported as a reduction in cost of service revenues. Reimbursements received for out-of-pocket expenses incurred were \$0.8 million and \$0.9 million for the three months ended March 30, 2002 and March 31, 2001, respectively, and \$2.7 million and \$2.0 million for the nine months ended March 30, 2002 and March 31, 2001, respectively.

“During the third quarter we continued to deepen our industry-leading product collaboration offerings while simultaneously enhancing operational efficiency,” said Mark O’Connell, president and chief executive officer of MatrixOne. “Despite a challenging economic environment, we successfully improved our already-strong balance sheet and delivered on the financial expectations we outlined three months ago. The key to our progress continues to be our ability to deliver real value to our growing customer base with our easy-to-implement, easy-to-use Value Chain Portfolio™ applications.”

The following milestones were completed or announced since MatrixOne's second quarter earnings release on January 23, 2002:

- During the third quarter, MatrixOne continued to realize growing adoption of its Value Chain Portfolio applications and eMatrix™ product collaboration platform. MatrixOne recognized significant revenue from many of the world’s most innovative companies, including: ADEMCO Group, part of Honeywell’s Security and Fire solutions business and a leading manufacturer of electronic security products; Philips Semiconductors, a leader in silicon systems and standard products for consumer, communications, automotive and computing products; and Tower Automotive, a global supplier of structural components and assemblies for the automotive industry.

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- The Company's Value Chain Portfolio of applications continued to gain significant momentum, accounting for approximately 30% of total license revenue during the third quarter. The Value Chain Portfolio of applications is designed to improve and automate common business process problems faced by product and service developers in any company and any industry. The Company's three most recently released applications, Engineering Central™, ProgramManagement Central™, and DocuManagement Central™ – were the Company's best selling applications during the third quarter. The availability of these applications is increasingly important as customers are opting for easy-to-implement, easy-to-use solutions to realize faster results and reduce the long-term maintenance costs of custom-designed solutions.
- MatrixOne and webMethods formed a partnership to help customers seamlessly integrate their product collaboration solution with other applications throughout their enterprise. The companies are co-developing technology that will leverage the webMethods integration platform to directly link MatrixOne's product collaboration solution with the various enterprise and legacy applications located behind the firewall or within the technology infrastructures of key customers and partners.
- Industry research firm eMetaprise Research ranked MatrixOne as the top-rated provider of private marketplace software for use by global manufacturers seeking to create more efficient value chains. eMetaprise selected MatrixOne for the top position because of its innovative product collaboration architecture, its visionary strategy for private marketplaces, its extensive partnerships, and the Company's substantial customer references worldwide. MatrixOne solutions provide the product collaboration backbone for many of the world's most innovative and leading private and public marketplaces.

Company to Host Live Web Cast

The Company's management team will host a live Web cast at 5:30 p.m. Eastern Time today to discuss the financial results and management's forward-looking guidance. For more information, please click on www.matrixone.com/investor.

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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 approximately 600 global customers represent the aerospace/defense, apparel, automotive, consumer packaged goods, general machinery, high-technology, and life sciences 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, Product Collaboration Solutions for the Value Chain, Value Chain Portfolio, DocuManagement Central, Engineering Central and ProgramManagement Central 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 and improve operational efficiency 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 additional business risks; 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 and our Quarterly Report on Form 10-Q for the quarter ended December 29, 2001.

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

	Three Months Ended		Nine Months Ended	
	March 30, 2002	March 31, 2001	March 30, 2002	March 31, 2001
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues:				
Software license	\$ 13,083	\$ 22,426	\$ 33,410	\$ 62,353
Service	<u>19,501(b)</u>	<u>16,586(b)</u>	<u>56,043(b)</u>	<u>40,557(b)</u>
Total revenues	<u>32,584</u>	<u>39,012</u>	<u>89,453</u>	<u>102,910</u>
Cost of Revenues:				
Software license	1,739	2,420	4,038	6,334
Service	<u>13,724(b)</u>	<u>12,397(b)</u>	<u>41,988(b)</u>	<u>30,640(b)</u>
Total cost of revenues	<u>15,463</u>	<u>14,817</u>	<u>46,026</u>	<u>36,974</u>
Gross Profit	<u>17,121</u>	<u>24,195</u>	<u>43,427</u>	<u>65,936</u>
Operating Expenses:				
Selling and marketing	12,204	14,027	38,580	42,956
Research and development.....	6,227	5,608	18,397	13,431
General and administrative	3,309	2,673	9,269	7,187
Stock-based compensation	983	1,031	2,944	3,117
Restructuring charges.....	—	—	3,202	—
Total operating expenses.....	<u>22,723</u>	<u>23,339</u>	<u>72,392</u>	<u>66,691</u>
Income (Loss) from Operations	<u>(5,602)</u>	<u>856</u>	<u>(28,965)</u>	<u>(755)</u>
Other Income, Net	<u>596</u>	<u>2,364</u>	<u>2,799</u>	<u>7,520</u>
Income (Loss) Before Income Taxes	<u>(5,006)</u>	<u>3,220</u>	<u>(26,166)</u>	<u>6,765</u>
Provision for Income Taxes	—	638	—	1,465
Net Income (Loss)	<u>\$ (5,006)</u>	<u>\$ 2,582</u>	<u>\$ (26,166)</u>	<u>\$ 5,300</u>
Net Income (Loss) Per Share:				
Basic net income (loss) per share.....	<u>\$ (0.11)</u>	<u>\$ 0.06</u>	<u>\$ (0.57)</u>	<u>\$ 0.12</u>
Diluted net income (loss) per share.....	<u>\$ (0.11)</u>	<u>\$ 0.05(a)</u>	<u>\$ (0.57)</u>	<u>\$ 0.11(a)</u>
Shares Used in Computing:				
Basic net income (loss) per share.....	<u>46,462</u>	<u>43,982</u>	<u>45,890</u>	<u>43,090</u>
Diluted net income (loss) per share.....	<u>46,462</u>	<u>50,360(a)</u>	<u>45,890</u>	<u>50,303(a)</u>
Reconciliation of Pro Forma Net Income (Loss):				
Net Income (Loss)	\$ (5,006)	\$ 2,582	\$ (26,166)	\$ 5,300
Adjustments:				
Stock-based compensation.....	983	1,031	2,944	3,117
Restructuring charges	—	—	3,202	—
Pro Forma Net Income (Loss)	<u>\$ (4,023)</u>	<u>\$ 3,613</u>	<u>\$ (20,020)</u>	<u>\$ 8,417</u>
Pro Forma Net Income (Loss) Per Share:				
Pro forma basic net income (loss) per share....	<u>\$ (0.09)</u>	<u>\$ 0.08</u>	<u>\$ (0.44)</u>	<u>\$ 0.20</u>
Pro forma diluted net income (loss) per share..	<u>\$ (0.09)</u>	<u>\$ 0.07(a)</u>	<u>\$ (0.44)</u>	<u>\$ 0.17(a)</u>
Shares Used in Computing:				
Pro forma basic net income (loss) per share....	<u>46,462</u>	<u>43,982</u>	<u>45,890</u>	<u>43,090</u>
Pro forma diluted net income (loss) per share..	<u>46,462</u>	<u>50,360(a)</u>	<u>45,890</u>	<u>50,303(a)</u>

(a) 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.

(b) Service revenues have been restated to include reimbursements received for out-of-pocket expenses incurred, which were previously reported as a reduction in cost of service revenues. Reimbursements received for out-of-pocket expenses incurred were \$807 and \$907 for the three months ended March 30, 2002 and March 31, 2001, respectively, and \$2,716 and \$1,966 for the nine months ended March 30, 2002 and March 31, 2001, respectively.

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

	<u>March 30, 2002</u> (unaudited)	<u>June 30, 2001</u>
ASSETS		
Current Assets:		
Cash and equivalents	\$ 143,667	\$ 156,349
Accounts receivable, net	30,180	42,619
Prepaid expenses and other current assets	<u>7,292</u>	<u>3,535</u>
Total current assets	181,139	202,503
Property and Equipment, Net	15,395	12,291
Other Assets	<u>2,617</u>	<u>2,832</u>
	<u>\$ 199,151</u>	<u>\$ 217,626</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 10,501	\$ 9,966
Accrued expenses	23,058	21,125
Deferred revenues	<u>18,211</u>	<u>17,219</u>
Total current liabilities	<u>51,770</u>	<u>48,310</u>
Stockholders' Equity:		
Common stock	467	452
Additional paid-in capital	210,123	209,065
Deferred stock-based consideration	(4,896)	(8,297)
Accumulated deficit	(56,146)	(29,980)
Accumulated other comprehensive loss	<u>(2,167)</u>	<u>(1,924)</u>
Total stockholders' equity	<u>147,381</u>	<u>169,316</u>
	<u>\$ 199,151</u>	<u>\$ 217,626</u>

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