News Release March 28, 2000 Boeing, Lockheed Martin, BAE SYSTEMS and Raytheon to Create B2B Exchange for the Aerospace and Defense Industry

Global Trading Exchange To Be Powered By Commerce One and Microsoft

An aerospace and defense industry group including The Boeing Company (NYSE: BA), Lockheed Martin Corporation (NYSE: LMT), BAE SYSTEMS, Raytheon Company (NYSE: RTNA, RTNB) and B2B e-commerce solutions leader Commerce One (NASDQ: CMRC) today announced the creation of an independent enterprise that will develop an Internet trading exchange for the global aerospace and defense industry. This open aerospace and defense exchange, based on the Commerce One MarketSite Portal Solution, powered by Microsoft, will be a secure, electronic marketplace where buyers and sellers around the world can conduct business.

The global aerospace and defense industry has commercial and military sales of more than $400 billion. Currently, the four lead participants in this new venture do business worldwide with more than 37,000 suppliers, hundreds of airlines, and national governments globally, all of whom will be invited to join the web-based marketplace. Boeing buys $38 billion annually in goods and services, while Lockheed Martin purchases $13 billion, BAE SYSTEMS spends $11 billion, and Raytheon spends $9 billion - for a total combined procurement outlay of $71 billion.

"This trading exchange can deliver enormous buy- and sell-side efficiencies to our industry," said Phil Condit, Boeing chairman and chief executive officer. "By using a single e-marketplace, all of us - manufacturers, suppliers, airline and government customers, and service providers - can significantly lower transaction costs and deliver more value."

Vance Coffman, chairman and CEO of Lockheed Martin, said, "This global trading exchange will transform commerce for the aerospace and defense industry on a worldwide basis. It's a catalyst that will set the industry standard for business-to-business e-commerce while driving its increased use. It also should help us address a major priority of our government customers by reducing acquisition process costs and further aligning the industry with the Department of Defense Integrated Digital Environment initiative."

According to Sir Richard Evans, chairman of BAE SYSTEMS, "Our industry has always been identified with innovation and the exploitation of innovative ideas. I believe this Exchange to be a good example of that foresight. It embraces established concepts but develops them, capturing the essence of future global trading by bringing together the principals of our industry to serve the market in a truly integrated, global, context."

Raytheon Chairman and Chief Executive Officer Dan Burnham said, "We are excited about the potential of this innovative, e-commerce trading exchange. By bringing the supply chain management expertise of the industry's leaders to a single, online marketplace, we will put customers, suppliers and employees a mouse click away from achieving greater productivity, efficiency and cost savings."

Mark Hoffman, chairman and CEO of Commerce One, said, "These visionary companies have recognized the dramatic positive impact e-commerce can have on the aerospace and defense industry. This new enterprise will establish the 'mega exchange' for the industry. Our recognized leadership in e-commerce technology solutions built on Microsoft technology - combined with the worldwide presence and domain knowledge of Boeing, Lockheed Martin, BAE SYSTEMS and Raytheon-will add a major new e-marketplace to the Commerce One Global Trading Web, the world's largest business-to-business trading community."

"A successful marketplace brings together a critical mass of buyers and sellers of all sizes," said Steve Ballmer, CEO of Microsoft. "We are delighted that Microsoft's Windows 2000 and our extensive Internet services will be the technology employed to create that critical mass in this new aerospace and defense marketplace. We have a proven track record of building marketplaces with Internet leaders like Commerce One, and are proud to be partnering with them again on this exciting project."

The four aerospace and defense companies have signed a memorandum of understanding (MOU) to form the new venture. The parties expect to sign a binding agreement soon, and will form a new company that will own and operate the exchange. The web-based trading exchange is aiming for a launch by mid-year.

Under the terms of the MOU, the founding industry partners have agreed initially to take equal ownership stakes in the new entity. Adjustments to this allocation will be based on each founding partner's flow of its e-commerce through the exchange over the first three years. Twenty percent of the equity has been set aside for other industry participants and employees of the new venture. Commerce One will have a five percent equity position.

Condit said the new exchange is a logical extension of Boeing's leadership in aerospace e-commerce and evidence of its plan to pursue new-frontier opportunities in the networked economy. "Our PART Page, established in 1996, was the first web-based ordering system for after-market commercial airplane parts," he said. "In 1999, we generated more than $400 million in on-line sales and the site was used by more than 250 airlines and about 675 other companies. We'll migrate our industry-leading operation to this new trading exchange," Condit added.

Working with its government customers, Lockheed Martin has pioneered the early implementation of e-commerce solutions, according to Coffman. "Now, we and the other participants in this trading exchange will help provide a common and consistent platform to expand e-commerce across the aerospace and defense industry at large," Coffman said.

BAE SYSTEMS is enthusiastically embracing the opportunities in e-commerce, Evans said. "Our intranet is now at the heart of our day to day operations and we are seeing major benefits in productivity and our technical performance through the introduction of virtual team working. The Aerospace Exchange will enable us to extend those processes to our many international partners as well as deriving the very substantial benefits we see from streamlined procurement and enhanced customer support.

Burnham said Raytheon's recently launched boaters.com has touched every major facet of the online experience. In addition, Raytheon continues to move forward rapidly with other e-business and Internet initiatives as part of its global, e-business strategy. Burnham noted that Raytheon's Virtual Depot II, which allows real-time, worldwide procurement and delivery of aircraft parts, electronic catalogs and reverse auctions has been used to streamline and standardize its procurement systems. "This new B2B enterprise is a natural extension for these activities," Burnham added.

The new global exchange will be based on the Commerce One MarketSite Portal Solution and will join the growing number of exchanges in the Commerce One Global Trading Web, allowing all participants to trade with buyers and suppliers around the world. It will be open to aerospace and defense companies, airlines, their suppliers and service providers. The trading exchange will be designed to help all enterprises, regardless of size, compete globally in the new interconnected economy. Small and large businesses alike should benefit since they will be able to readily identify new business opportunities through participation in the exchange.

The company executives emphasized that the new exchange is an open platform for the industry, and invited all industry participants to join in. Citing the tremendous benefits to be gained by everyone, they said that, like any exchange, the more participants there are, the more value there will be for everyone in the trading community.

The types of aerospace and defense products, services and technical data provided over the exchange are limitless. Examples include raw materials, expendable parts such as fasteners, fittings and brackets, technical data, aircraft components, defense electronic components, after-market parts and thousands of other items. A typical commercial airplane, for instance, contains as many as six million parts and is supported by millions of pages of technical documentation. In addition, the exchange will be an e-marketplace for the indirect products and services that aerospace companies, airlines and their suppliers need to operate their businesses.

The Boeing Company is the world's largest aerospace company, with 1999 revenues of $58 billion. With headquarters in Seattle, Wash., its portfolio of customer-focused solutions includes military aircraft and missile systems, satellites and space launch systems, commercial jetliners, and a growing services business for both government and commercial customers.

With headquarters in Bethesda, Md., Lockheed Martin is a global enterprise principally engaged in the research, design, development, manufacture and integration of advanced-technology systems, products and services. The corporation's core businesses are systems integration, space, aeronautics, and technology services. Lockheed Martin had 1999 sales surpassing $25 billion.

BAE SYSTEMS, formed by the merger of British Aerospace and Marconi Electronic Systems in November 1999, is one of the world's leading aerospace and defense companies. The company employs more than 100,000 people in nine home markets and had 1999 sales of more than $19 billion. BAE SYSTEMS offers a global capability in air, sea, land and space with a world-class prime contracting ability supported by a range of key skills.

Raytheon Company, based in Lexington, Mass., is a global technology leader that provides products and services in the areas of commercial and defense electronics, engineering and construction, and business and special mission aircraft. Raytheon had 1999 revenues of $20 billion and has operations throughout the United States, serving customers in more than 80 countries.

Commerce One is the leader in global e-commerce solutions for business. Through its products, portals and services, Commerce One creates access to worldwide markets, allowing anyone to buy from anyone, anytime, anywhere. The Commerce One Global Trading Web™ is the world's largest business-to-business trading community. Commerce One is located in Pleasanton, Calif.

Boeing Forward-Looking Information Is Subject to Risk and Uncertainty
Certain statements in this news release contain "forward-looking" information that involves risk and uncertainty, including projections for new business and new business opportunities, technological functionality, value potential, implementation of the aerospace and defense digital exchange project (the "Exchange") and components thereof, revenues, and margin potential. This forward-looking information is based upon a number of assumptions including assumptions regarding the participants' ability to reach agreement on the definitive documents and attract appropriate management; technological feasibility; stability and security of delivery systems; reliability of professional service providers and software; efficiencies resulting from use of the Exchange; current and future markets for the company's products and services and the Exchange's products and services; adaptability of customer requirements for procurement and sale to an e-commerce format; volume of usage of the Exchange; customer, supplier and subcontractor adoption of the Exchange's services; government policies and actions, including regulatory approval processes; and successful negotiation of contracts with the technology and professional service providers. Actual future results and trends may differ materially depending on a variety of factors, including the Company's and the other

participants' successful execution of the plans to develop and implement the Exchange, including negotiation of final agreements; technical difficulties and uncertainties associated with e-commerce; success in attracting appropriate management of the Exchange; timing of delivery to market of services contemplated by the Exchange; adaptability of customer requirements for procurement and sale to an e-commerce format; changes in the market for services to be offered by the Exchange, including the introduction of competitive exchanges; changes in procurement plans; implementation of cost-reduction efforts; acceptance by the relevant market of new products and services offered by the Exchange; the cyclical nature of the aerospace and defense businesses; regulatory uncertainties; governmental export and import control policies and sourcing requirements; factors that result in significant and prolonged disruption to air travel worldwide; international business and politics, including global trade policies; worldwide political stability and economic conditions; changing priorities or reductions in the U.S. Government or foreign government defense and space budgets; legal, financial and governmental risks related to international transactions; legal proceedings; and other economic, political and technological risks and uncertainties. Additional information regarding these factors is contained in the Company's SEC filings, including, without limitation, the Company's SEC filings, including, without limitation, the Company's Annual Report on Form 10-K for the year ended 1999.

Lockheed Martin Forward-Looking Information Is Subject to Risk and Uncertainty
NOTE: Statements in this press release, including the statements relating to projected future performance or expectations concerning a new business enterprise, are considered forward-looking statements under the federal securities laws, including the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and are subject to risks, uncertainties and other important factors that could cause actual performance or achievements to be materially different from those we may project.

As for the forward-looking statements that relate to future financial results and other projections, actual results will be different due to the inherent nature of projections and may be better or worse than projected. Given these uncertainties, you should not place any reliance on these forward-looking statements. These forward-looking statements also represent our expectations and assumptions only as of the date that they were made. We expressly disclaim a duty to provide updates to these forward-looking statements, and the expectations and assumptions associated with them, after the date of this press release to reflect events or circumstances or changes in expectations or the occurrence of events.

In addition to the factors set forth in our filings with the Securities and Exchange Commission (www.sec.gov), the following factors could affect the forward-looking statements in this press release: the ability to achieve or quantify savings through the use of e-commerce; the ability of the participating companies to reach agreement on the definitive terms of the enterprise and find suitable management; the likelihood that sufficient suppliers will be available to provide products to the participating companies on the electronic marketplace; whether the volume of sales achievable on the electronic marketplace will be sufficient to achieve cost savings; the extent to which customer requirements for procurement and sale may be easily adjusted to e-commerce format; technical difficulties and uncertainties (including legal and regulatory) associated with e-commerce; economic conditions; competitive environment; international business and political conditions; and timing of awards and contracts. These are only some of the numerous factors which may affect the forward-looking statements in this press release.

Commerce One Forward-Looking Information Is Subject to Risk and Uncertainty
Certain statements made in this press release by Commerce One are not historical facts but are "forward looking statements" and may involve risks and uncertainties which could cause actual future results to differ materially and adversely from those anticipated by such statements. Included among the factors that could affect Commerce One's performance are: the ability of the joint venture to build its business successfully; the ability of the joint venture to effectively manage future growth; general economic conditions; fluctuations in operating results; market acceptance of the joint venture technology; and the ability of the Commerce One technology to support the operations of the joint venture etc. For a discussion of these and other risk factors that could affect Commerce One's business, see "Risk Factors" in Commerce One's filings with the Securities and Exchange Commission, including its quarterly report on Form 10-Q for the quarter ended September 30, 1999.

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