

Commerce One Reports Second Quarter 2003 Results

PLEASANTON, Calif. — July 23, 2003 — Commerce One (Nasdaq: CMRC) today announced financial results for the quarter ended June 30, 2003.

Revenues for the current quarter totaled \$8.3 million as compared with \$27.8 million for the corresponding quarter in 2002 and \$13.1 million for the quarter ended March 31, 2003.

The net loss for the current quarter was \$6.1 million, or \$.20 per share, as compared with a net loss of \$62.3 million, or \$2.15 per share, for the corresponding quarter ended June 30, 2002, and \$29.3 million, or \$1.00 per share, for the quarter ended March 31, 2003.

In Q3, the Company announced that it received a \$10 million investment from BayStar Capital Management LLC, a private equity fund that invests in leading edge companies in the technology and life sciences industries and successfully renegotiated long-term real estate obligations in six US locations to save approximately \$42 million over a period of eight years.

Quarterly Highlights

Commerce One reached the following milestones during the second quarter of 2003:

- Announced that five global companies selected its new Commerce One Conductor™ platform during its first quarter of general availability including Enporion, a gas and electric energy marketplace, and the Architecture Research Center of Information Engineering in China. Four of these were new customers to Commerce One.
- Continued to gain traction with its supplier relationship management solutions including the additions of Hitachi and Korean Aerospace.
- Announced that Hy-Vee, a grocery and drug retailer that operates more than 200 stores in seven midwestern states, is using Commerce One Xpress Messenger™ for Retailers software to bolster the value of its UCCnet implementation.
- Posted an Open Source, royalty-free Web services and SOAP XML Development Kit as part of its ongoing drive to foster the adoption of Web services technology for business.

"We are pleased with the progress we have made in bringing our new composite process management solutions to market in a challenging IT environment, and in further reducing our operating expenses by settling major real estate obligations and continuing our ongoing cost control efforts," said Mark Hoffman, chairman and CEO of Commerce One. "I am encouraged by the fact that our technology is appealing not only to our installed base who is starting to migrate to our new solution, but also to new customers. In Q2, a majority of our Commerce One Conductor transactions were with new customers who saw unique value in our composite process management solution. Our goals are simple - continue to build our customer base for our composite process management solutions through direct and indirect channels and continue to aggressively monitor expenses and cash flow."

Commerce One will conduct a live webcast to discuss its second quarter 2003 results at 2:00 p.m. PST on Wednesday, July 23, 2003. The webcast is accessible on www.commerceone.com/investors.

About Commerce One

From its initial roots in Internet-based software applications to its establishment of the world's largest e-commerce trading network, Commerce One has consistently been at the forefront of delivering advanced technologies that help global businesses collaborate with their partners, customers and suppliers over the Internet. Commerce One has defined many of the open standards and protocols established for business networks today and our global customer base represent leaders in a wide range of industries. The Commerce One Conductor platform and planned industry-specific Process Accelerators represent the leading Composite Process Management solution that enable enterprises

to combine and connect features, functionality, data and/or business context from existing applications to create new business functionality. For more information, go to www.commerceone.com.

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Forward Looking Statements

The foregoing paragraphs include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements include statements concerning the expected growth of sales of the Commerce One Conductor technology and composite process management solutions with existing and new customers, the expected benefits of our cost control measures, and the expected benefits of our technology. The words "believe," "expect," "will" and similar phrases as they relate to Commerce One are also intended to identify such forward-looking statements. Such statements reflect the current views and assumptions of Commerce One, and are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. These risks include, but are not limited to, the extent of customer adoption and utilization of our Commerce One Conductor solution, the nature and extent of the market for composite process management solutions, competition in the composite process management market, unexpected expenses, and risks related to general economic global conditions. The information provided in this press release is current as of the date of its publication. Commerce One expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements to reflect any changes in expectations, or any change in events or circumstances on which those statements are based, unless otherwise required by law. 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 Annual Report on Form 10-K for the year ended December 31, 2002 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2003.

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Commerce One, Inc.
Condensed Consolidated Statements of Operations
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2003	2002	2003	2002
		(as restated)		(as restated)
Revenues:				
License fees	\$ 1,742	\$ 7,228	\$ 3,990	\$ 15,581
Services	6,559	20,609	17,420	44,011
Total revenues	<u>8,301</u>	<u>27,837</u>	<u>21,410</u>	<u>59,592</u>
Costs and expenses:				
Cost of license fees	571	2,327	876	154,621
Cost of services	5,833	19,377	14,691	41,477
Sales and marketing	5,322	20,556	13,234	49,082
Product development	6,577	18,459	17,971	44,311
General and administrative	3,402	7,193	5,784	18,098
Restructuring charges	(6,352)	15,865	4,589	15,865
Amortization of deferred stock compensation	783	3,745	1,831	6,176
Amortization of intangible assets	150	3,008	299	6,138
Total costs and expenses	<u>16,286</u>	<u>90,530</u>	<u>59,275</u>	<u>335,768</u>
Loss from operations	(7,985)	(62,693)	(37,865)	(276,176)
Interest income and other, net	1,282	963	2,070	3,542
Provision for income taxes	(640)	600	(402)	1,379
Net loss	<u>\$ (6,063)</u>	<u>\$ (62,330)</u>	<u>\$ (35,393)</u>	<u>\$ (274,013)</u>
Basic and diluted net loss per share	<u>\$ (0.20)</u>	<u>\$ (2.15)</u>	<u>\$ (1.19)</u>	<u>\$ (9.49)</u>
Shares used in calculation of net loss per share	<u>30,076</u>	<u>28,963</u>	<u>29,665</u>	<u>28,860</u>

Commerce One, Inc.
Condensed Consolidated Balance Sheets
(In thousands)

	June 30, 2003	December 31, 2002
	<u>(unaudited)</u>	<u></u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 13,981	\$ 73,753
Short-term investments	--	3,510
Accounts receivable, net	5,138	7,373
Prepaid expenses and other current assets	7,134	4,923
Total current assets	<u>26,253</u>	<u>89,559</u>
Restricted cash, cash equivalents, and short-term investments	28,970	35,630
Property and equipment, net	5,307	9,761
Other intangible assets, net	17,381	18,449
Investments and other assets	7,554	6,023
Total assets	<u>\$ 85,465</u>	<u>\$ 159,422</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 3,051	\$ 3,104
Accrued compensation and related expenses	2,924	8,338
Deferred revenue	17,205	23,546
Other current liabilities	13,816	29,997
Total current liabilities	<u>36,996</u>	<u>64,985</u>
Notes payable	25,000	25,000
Accrued restructuring charges	3,128	21,947
Total stockholders' equity	<u>20,341</u>	<u>47,490</u>
Total liabilities and stockholders' equity	<u>\$ 85,465</u>	<u>\$ 159,422</u>