

**Investor Relations:**  
Brad Driver  
Handspring  
650-230-5070  
bdriver@handspring.com

**Public Relations:**  
Allen Bush  
Handspring  
650-230-5029  
abush@handspring.com

## HANDSPRING REPORTS THIRD QUARTER RESULTS

**MOUNTAIN VIEW, CALIF. (April 15, 2003)** – Handspring, Inc. (NASDAQ: HAND) today reported results for the third quarter of fiscal 2003 ended March 29, 2003.

Revenue for the third quarter of fiscal 2003 was \$30.8 million, down from \$47.8 million in the second quarter of fiscal 2003 and from \$59.7 million in the third quarter a year ago. Revenue for the quarter included \$21.1 million in communicator sales and \$9.7 million in sales of organizers and accessories. On a GAAP accounting basis, net loss for the period totaled \$90.4 million, or \$.62 per share as compared to a net loss of \$12.3 million, or \$.08 per share in the prior quarter. Excluding charges for the Sunnyvale lease restructuring of \$75.9 million and the amortization of deferred stock compensation of \$1.7 million, Handspring's non-GAAP net loss for the quarter was \$12.8 million, or \$.09 per share as compared to a non-GAAP net loss of \$10 million, or \$.07 per share, excluding amortization of deferred stock compensation of \$2.3 million, in the prior quarter.

As of March 29, 2003, Handspring's unrestricted cash and short-term investments totaled \$53.2 million, down \$12.5 million sequentially.

Handspring also said it has signed an agreement with Orange SA, one of the world's largest communications companies, to work together to develop future smartphones designed for the Orange network in Europe, with product shipments expected to begin this fall.

"We've continued to grow our Treo installed base through a difficult quarter, reaching 180,000 customers, while investing in a significant new product due this fall," said Handspring CEO Donna Dubinsky. "The near-term outlook will be challenging due to a weak economic environment and lower-than-expected sell-in of current products for the coming quarter."

Highlights of the third quarter included:

- The launch of the Treo 270 in T-Mobile retail stores.
- A significant reduction of operating expenses due to the restructuring of the Sunnyvale lease obligations.

- Treo communicator sell through for the quarter of approximately 39,000 worldwide. To date, total communicator sell through is approximately 180,000 worldwide.
- The Launch of Treo 270 with Brightstar Corp. throughout all of Latin America (except Mexico and Brazil).
- A new developer program to fuel development of wireless, business and consumer applications for the Treo communicator.
- GPRS availability for Cingular Treo customers that provides easy access to corporate or internet e-mail.

#### FOURTH QUARTER FISCAL 2003 BUSINESS OUTLOOK

Handspring's business outlook will be affected by the following factors.

- Communicator revenue will be significantly lower as the company focuses on reducing channel inventory in anticipation of a major new product launch.
- Organizer sales will be minimal going forward as inventory is depleted.
- The company expects to announce a new smartphone product with delivery scheduled for the fall, as well as support for this product from major carriers around the world.
- Expenses will decline as previous cost reducing activities are realized.
- Cash burn will increase due to a larger operating loss and the expected timing of receivables.
- The company is pursuing additional financing.

#### ACCOUNTING FOR LEASE RESTRUCTURING

Handspring recorded a charge against earnings of \$75.9 million in the third fiscal quarter to account for the Sunnyvale lease restructuring. The restructured lease agreements allow Handspring to reduce substantially its previous lease obligations of approximately \$350 million over the next 12 years. Handspring was required to pay a total consideration of approximately \$61.2 million to the building landlord and contractor in connection with the lease restructuring. Of this consideration, \$15.3 million was paid in third fiscal quarter from the company's unrestricted cash and \$40.9 million was paid from previously restricted cash. Handspring will pay an additional \$5.0 million plus interest in various debt and lease payments over the next 5 years. Handspring also issued the landlord warrants to purchase 10 million shares of Handspring common stock.

#### CONFERENCE CALL INFORMATION

Handspring's earnings conference call will be webcast on its web site at [www.handspring.com](http://www.handspring.com), live at 2 p.m. PDT (Pacific Daylight Time) on Tuesday, April 15<sup>th</sup>, 2003, and archived through Tuesday, April 22<sup>th</sup>, 2003. The audio replay of the company's Q3 conference call can be accessed via telephone after 4:30 p.m. PDT Tuesday, April 15<sup>th</sup>, 2003 until 4:30 p.m. PDT Tuesday, April 25<sup>th</sup>, 2003 by calling (402) 977-9140 and entering the reservation number 21138381.

#### ABOUT HANDSPRING

Handspring is a leading innovator in personal communications and handheld computing. The company's products include the Treo wireless communicators and Treo 90 organizer, the Visor expandable handheld computers, and client and server software for fast Web access from handheld devices and mobile phones. Today Handspring products and accessories are sold at [www.handspring.com](http://www.handspring.com) and through select Internet, retail and carrier partners in the United States, Europe, Asia, Australia, New Zealand, Canada, Middle East, and Mexico/Latin America.

#### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements that involve risks and uncertainties, including those relating to: Handspring's expected shipment of a new smartphone for use on Orange's network this fall; the company's fourth quarter outlook for revenue, expenses and cash burn; and the Company's expectation that major carriers around the world will support the company's new smartphone product. Actual results may differ materially due to a number of factors including, among others: Handspring's ability to develop and deliver innovative communicator products that meet carriers' specifications and expected delivery dates; demand for communicator products in general and Handspring's products in particular from both carriers and end users; the timing of the build-out of advanced wireless networks and the quality and scope of voice and data service coverage offered by wireless carriers; the degree to which wireless carriers will facilitate the successful introduction of Handspring's wireless products; Handspring's dependence on third parties to supply components in sufficient volumes and at satisfactory quality levels; Handspring's ability to accurately forecast future demand; and the rapid pace of technological change and competitive developments in the wireless communications industry. Reported results should not be considered as an indication of future performance. The matters discussed in this press release also involve risks and uncertainties described in Handspring's in most recent filings with the Securities and Exchange Commission. Handspring assumes no obligation to update the forward-looking information contained in this press release.

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