



MEDIA INFORMATION

HANDSPRING POSTS Q4 REVENUE OF \$49.0 MILLION; FISCAL 2002 REVENUE OF \$240.7 MILLION

Mountain View, Calif. (July 17, 2002) —Handspring, Inc. (NASDAQ: HAND) today announced revenue of \$49.0 million for the fourth quarter of fiscal 2002 ended June 29th, 2002, compared with \$61.0 million for the same period last year. For fiscal 2002, revenue was \$240.7 million, compared to \$370.9 million last year. The company also reported gross margins of 24.5% during the fourth quarter as compared to gross margins of 9.2% in the prior quarter.

"I am pleased that our Treo product family is contributing to revenue and increased gross margins," said Handspring CEO Donna Dubinsky. "We are executing well on product development, carrier business development and expense control."

Net loss during Q4 was \$15.4 million. Excluding amortization of deferred stock compensation and intangibles, Handspring reported a net loss of \$11.7 million for the quarter. Excluding these costs, total operating expenses were \$24.4 million, or 50% of revenue. The company's ending cash and investments balance was \$151.4 million, of which \$100.6 million was unrestricted.

Net loss for fiscal 2002 was \$91.6 million compared to \$126.0 million in fiscal 2001. Pro forma net loss for fiscal 2002 was \$71.4 million as compared to \$54.1 million for fiscal 2001. Fiscal pro forma net loss excludes the effects of amortization of deferred stock compensation and intangibles of \$20.2 million for fiscal 2002 and \$32.8 million for fiscal 2001, as well as write-off of excess and obsolete inventories and in-process research and development during fiscal 2001.

Highlights of the fourth quarter include:

- Launched and shipped Treo 90, a sleek, color organizer with integrated keyboard, to the retail distribution channel
- Launched Treo 270, a full-color wireless communicator
- Announced regional availability of Treo 90 and Treo 270 in Hong Kong, Singapore and Malaysia
- Announced commercial availability of Treo Mail, a new wireless email service for Treo communicators
- Launched Treo 180 and Treo 270 communicators in Australia and Taiwan

Handspring's earnings conference call will be webcast on its web site at www.handspring.com, live at 2 p.m. PDT (Pacific Daylight Time) on Wednesday, July 17th, 2002, and archived through Friday, July 26th, 2002. The audio replay of the company's Q4 conference call can be accessed via telephone after 4:30 p.m. PDT Wednesday, July 17th, 2002 until 4:30 p.m. PDT Friday, July 26th, 2002 by calling (858) 812-6440 and entering the reservation number 20713162.

About Handspring

Handspring is a leading innovator in personal communications and handheld computing. The company develops, manufactures and markets 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 sells its products and accessories at www.handspring.com and through select Internet, retail and carrier partners in the United States, Europe, Asia, Australia, New Zealand, Canada and the Middle East.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements that involve risks and uncertainties, including those relating to: the Treo product family's contribution to revenue and increased gross margins; Handspring's future product development; carrier business development and expense control efforts; and the success of new product introductions in numerous markets around the world. Actual results may differ materially due to a number of factors including, among others: 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; our dependence on third parties to supply components for Treo in sufficient volumes and at satisfactory quality levels; our ability to accurately forecast future Treo demand; customer acceptance of Handspring's Treo communicator products; 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 most recent Form 10-Q filed with the Securities and Exchange Commission. Handspring assumes no obligation to update the forward-looking information contained in this press release, except as otherwise required by applicable law.

HANDSPRING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Three Months Ended		Year Ended	
	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
	----- (unaudited) -----			
Revenue	\$49,010	\$60,990	\$240,651	\$370,943
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Costs and operating expenses:				
Cost of revenue	36,983	53,293	205,917	265,500
Research and development	5,421	6,817	24,739	23,603
Selling, general and administrative	18,933	37,653	85,612	145,132
Write-off of excess and obsolete inventories	--	26,811	--	26,811
In-process research and development	--	--	--	12,225
Amortization of deferred stock compensation and intangibles	3,705	7,919	20,181	32,830
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Total costs and operating expenses	65,042	132,493	336,449	506,101
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Loss from operations	(16,032)	(71,503)	(95,798)	(135,158)
Interest and other income, net	739	5,086	5,259	12,195
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Loss before taxes	(15,293)	(66,417)	(90,539)	(122,963)
Income tax provision	100	750	1,050	3,000
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Net income (loss)	\$ (15,393)	\$ (67,167)	\$ (91,589)	\$ (125,963)
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Basic and diluted net loss per share	\$ (0.11)	\$ (0.60)	\$ (0.71)	\$ (1.21)
	=====	=====	=====	=====
Shares used in calculating basic and diluted net loss per share	139,178	111,400	128,221	103,896
	=====	=====	=====	=====
Pro forma net loss excluding write-off of excess and obsolete inventories, in-process research and development, and amortization of deferred stock compensation and intangibles	\$ (11,688)	\$ (32,437)	\$ (71,408)	\$ (54,097)
	=====	=====	=====	=====
Pro forma basic and diluted net loss per share	\$ (0.08)	\$ (0.29)	\$ (0.56)	\$ (0.52)
	=====	=====	=====	=====

HANDSPRING, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	June 29, 2002	June 30, 2001
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ASSETS		
Current assets:		
Cash and cash equivalents	\$85,554	\$87,580
Short-term investments	15,235	33,943
Accounts receivable, net	20,491	12,850
Prepaid expenses and other current assets	3,667	19,473
Inventories	20,084	2,857
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Total current assets	145,031	156,703
Long-term investments	50,644	80,237
Property and equipment, net	19,092	15,041
Other assets	1,408	1,254
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Total assets	\$216,175	\$253,235
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LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$44,490	\$37,881
Accrued liabilities	48,779	70,152
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Total current liabilities	93,269	108,033
Stockholders' equity:		
Common stock	143	130
Additional paid-in capital	419,256	368,166
Deferred stock compensation	(9,468)	(29,445)
Accumulated other comprehensive income (loss)	(793)	994
Accumulated deficit	(286,232)	(194,643)
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Total stockholders' equity	122,906	145,202
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Total liabilities and stockholders' equity	\$216,175	\$253,235
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