Defining Mobile Computing

palmOne™

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President and CEO

**JP Morgan Conference**

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Safe Harbor

Today's presentation contains forward-looking statements within the meaning of the federal securities laws, including, without limitation, statements concerning: demand for palmOne's products; palmOne's market share; the development and introduction of new products and services; the allocation of resources among palmOne's products; competitors and competition in the markets in which palmOne operates; forecasts of revenue, gross margin and operating margin; palmOne's ability to grow its business, to be profitable, to remain competitive and to extend its leadership position in its industry; palmOne's strategy; the growth potential for palmOne's market; demand for and acceptance of palmOne's products, including carrier relationships; and supply of palmOne's products. These statements are subject to risks and uncertainties that could cause actual results and events to differ materially, including, without limitation, the following: fluctuations in the demand for palmOne's existing and future products and services and growth in palmOne's industries and markets; possible defects in products and technologies developed; palmOne's ability to timely and cost-effectively obtain components and elements of our technology from suppliers; palmOne's ability to compete with existing and new competitors. A detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in palmOne's recent filings with the Securities and Exchange Commission, including its Quarterly Report on Form 10-Q for the fiscal quarter ended February 27, 2004. palmOne undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this presentation.

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Vision

Handheld computing and communications will be an essential part of our daily lives.

Mission

Putting the power of computing in every hand.
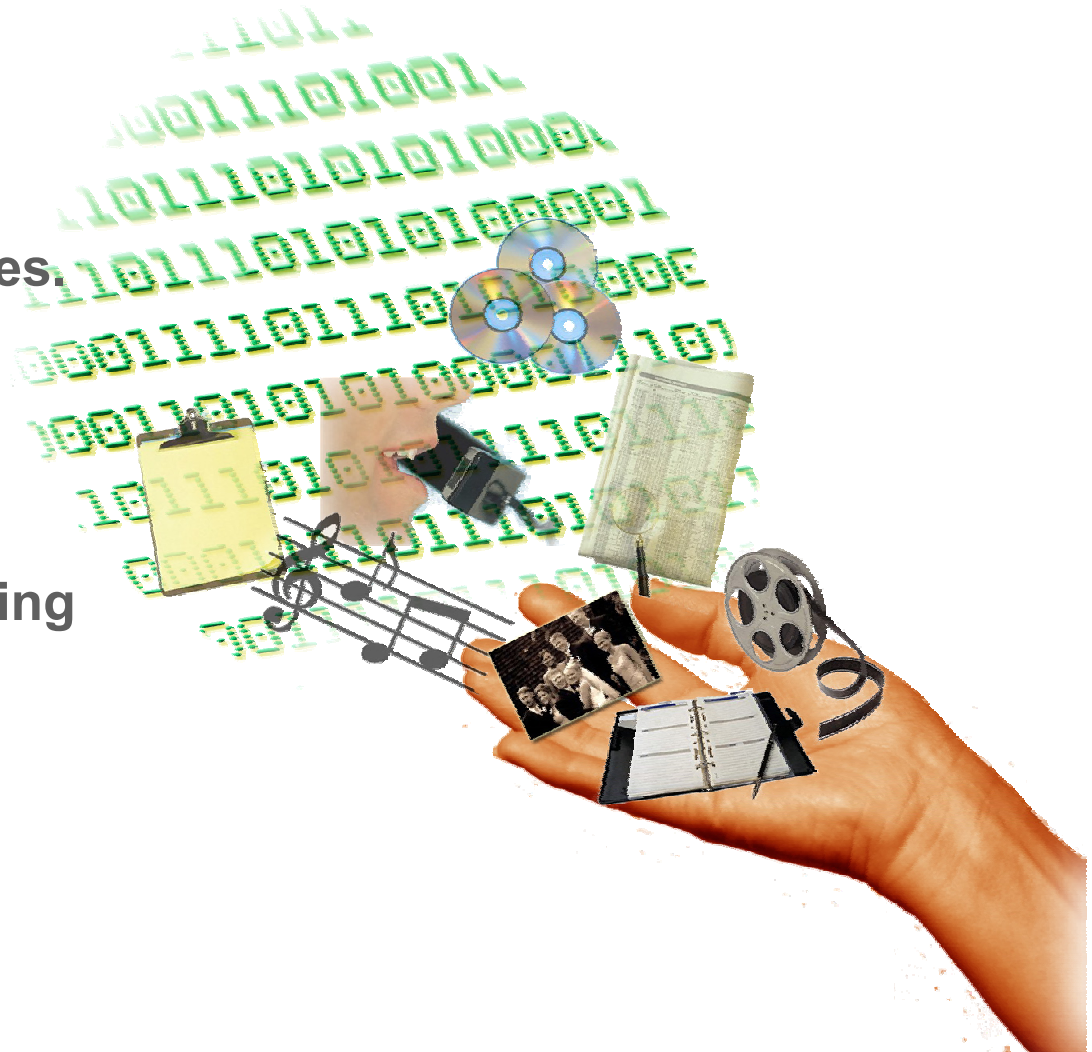
palmOne investment considerations

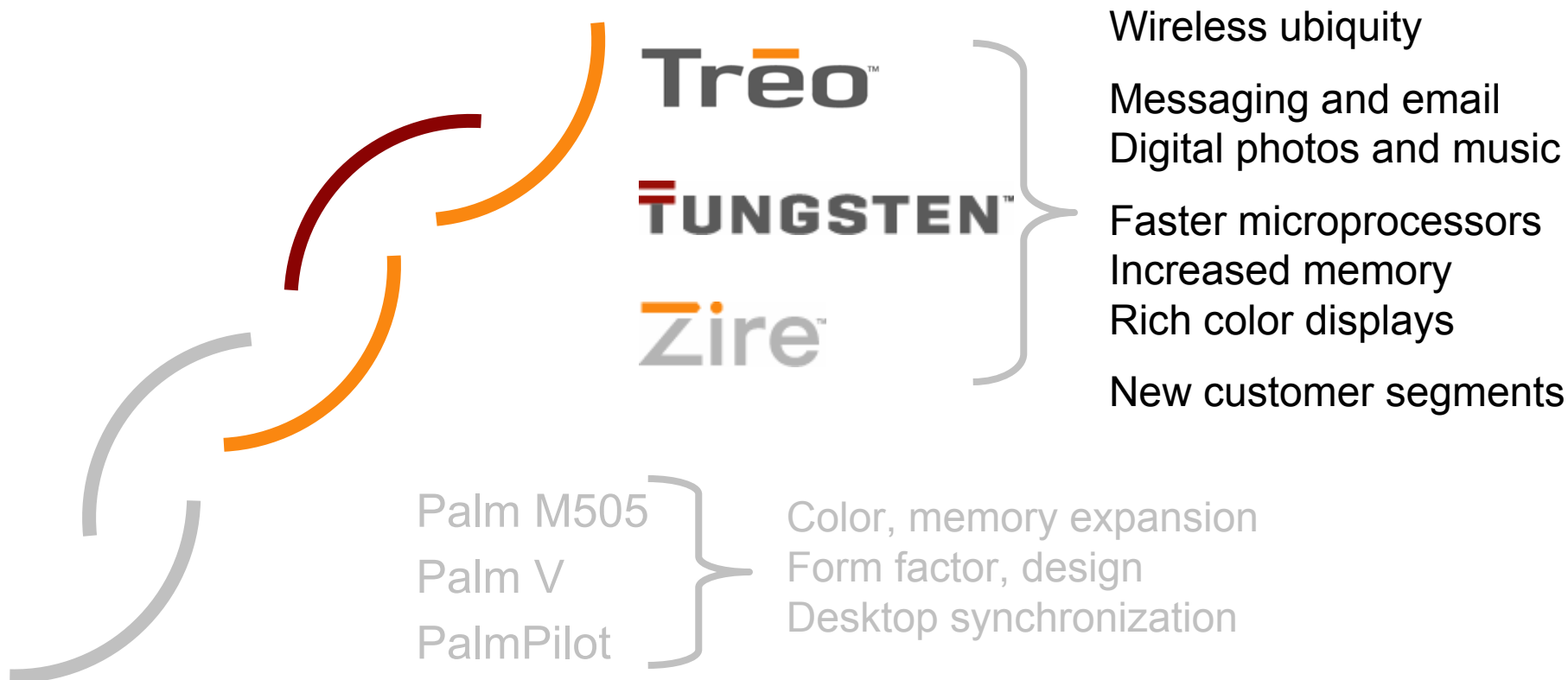|	
Large market opportunity	■ **Riding the waves of mobility, digitization and wireless ubiquity**
Strategy tailored to industry dynamics	■ **Capitalize on leadership position in handheld computing to strengthen and extend our leadership position in the emerging smartphone segment**
palmOne has unique assets and capabilities	■ **10-year track record of unrivaled innovation** 　■ Relentless focus on customer needs 　■ Unique "data" perspective to carrier partners ■ **Well known brand and outstanding channels** ■ **Ability to leverage installed base to drive smartphone adoption**
Optimizing operating model to accelerate growth and increase profitability	■ **Handspring integration complete** ■ **Early Treo success promising** ■ **Shifting resources to high-growth opportunities**

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Growth waves

New infrastructure, technology and applications drive market expansion

Trēo™

TUNGSTEN™

Zire™

Wireless ubiquity

Messaging and email
Digital photos and music

Faster microprocessors
Increased memory
Rich color displays

New customer segments

Palm M505

Palm V

PalmPilot

Color, memory expansion
Form factor, design
Desktop synchronization

Growth strategy

Leverage handhelds, shift emphasis toward smartphones

- **Continue to attract first-time buyers with Zire**
  - Increase market share
  - Attract new customers to the handheld category to establish a customer base for upgrade business and smartphone adoption

- **Capitalize on the wave of digitization**
  - Incorporate rich media capabilities throughout product line
  - Enhance out-of-box experience and application set

- **Accelerate smartphone adoption**
  - Leverage large palmOne installed base
  - Add new carrier partners

Product line-up

Bringing new users to the category and driving upgrades

Personal ⟵⟶ **Corporate**

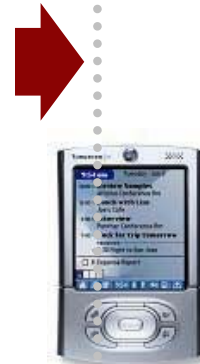| Entry | Media Savvy | Professional | Enterprise |

Treo 600

Zire 72

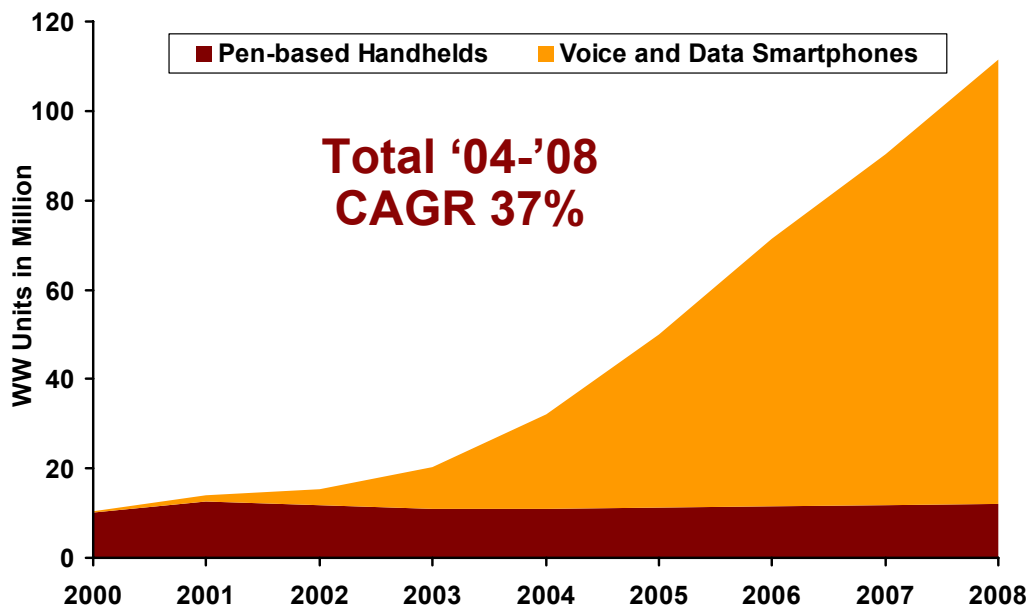Zire 31

Zire 21

TUNGSTEN|E

TUNGSTEN|T3

TUNGSTEN|C

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Strategy tailored to industry dynamics
Emerging fast-growing segment creates significant opportunities

- **Rapidly growing market driven by Smartphones**

- **#1 position in PDA business provides strong foundation for success – scale, brand, installed base**

- **Handspring merger accelerated wireless strategy**

Total '04-'08 CAGR 37%

Legend: ■ Pen-based Handhelds ■ Voice and Data Smartphones

Y-axis: WW Units in Million (0, 20, 40, 60, 80, 100, 120)

X-axis: 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008

Source: IDC March '04 (draft)

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Driving smartphone adoption

Carriers help expand our addressable market significantly and complement our sales and marketing capabilities

- **Work with existing carriers to accelerate adoption**
  - Sprint, Orange, Cingular, AT&T, T-Mobile, KPN, Rogers Wireless
- **Launch 3 new strategic carriers during CY2004**
- **Focus on applications**
  - Email and messaging
- **Execute on next generation products**
  - Create a family of smartphone products
  - Integrate next generation radios

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Smartphones are strategic to carriers

"[palmOne] is a program partner, not a device supplier. Every other vendor takes purely a hardware approach." -- Carrier

- **Early buyer studies confirm usage across multiple applications**
- **Treo 600 is driving higher ARPU for carriers**
  - Real world example: "The average Orange phone delivers around €50 per month per user. The Treo 600 delivered well over €100."*

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Financial results and guidance
palmOne is growing

|	Q3 FY'04 Results	Q4 FY'04 Guidance	Preliminary FY'05 Model
Revenue	$242.5M (up 23% y-o-y)	$245-255M (up 13-18% y-o-y)	$1B+ (up 15% y-o-y)
Gross Margin	29%	28 - 30%	25 - 30% (LTFM)
Operating Margin[1]	1%	2 - 5%	2 - 5%

1) Non-GAAP: excludes amortization of intangibles, stock compensation and restructuring expenses, if any

Objectives: Q4 FY'04

- **Increase supply of Treo 600**
- Execute Spring product launch
- Increase number of carrier relationships

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Treo smartphone history
Unit sell-in by quarter
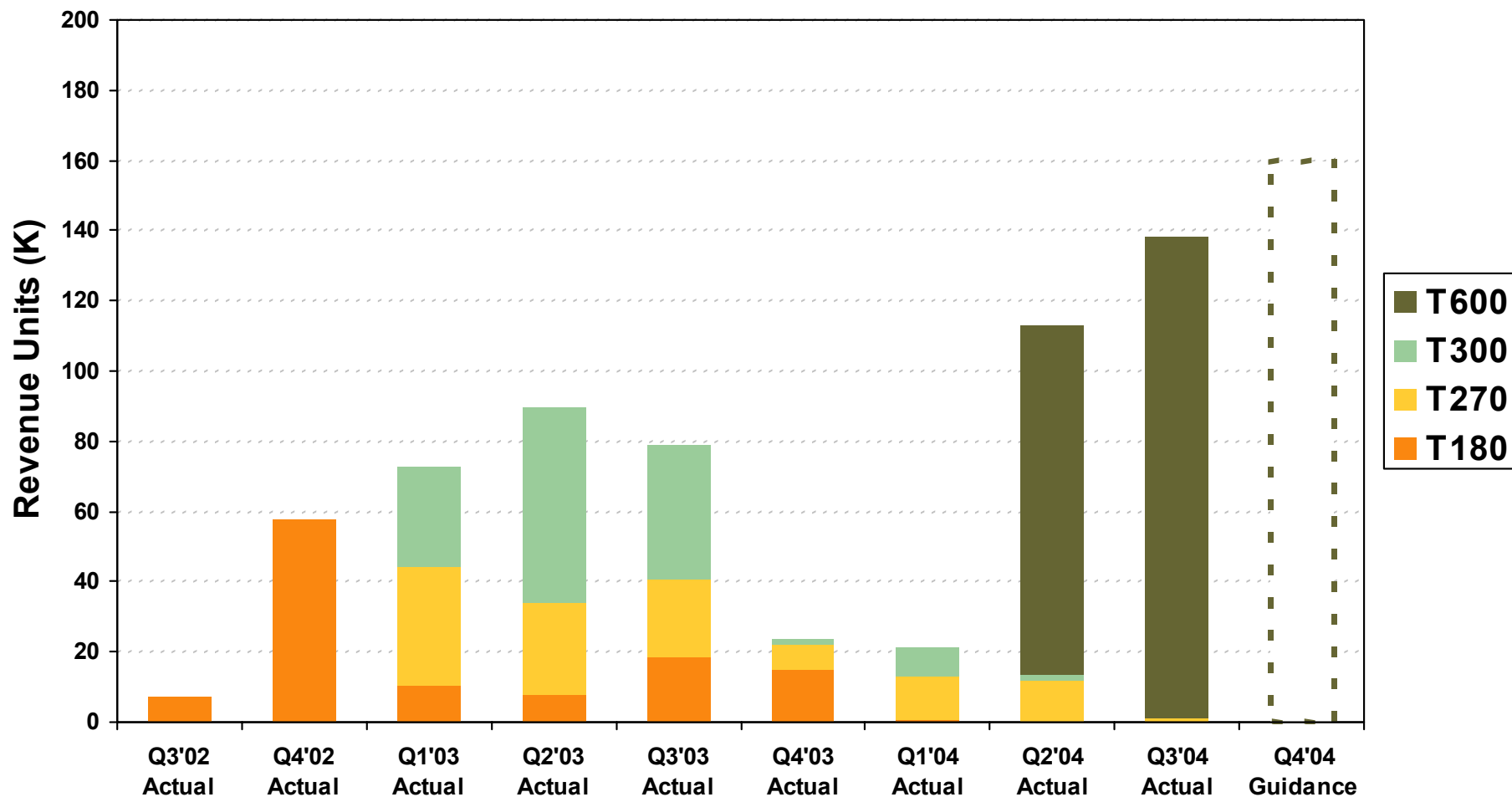
Treo 600 supply update
Proactively managing display supply; Q4 guidance unchanged

■ **Aggressively working to increase display availability**

Display Vendor	Driver IC Supplier	Status
Seiko	Renesas	Baseline vendor
PicVue	Renesas	Qualified in January, in production
	IST	Qualified in May, in production
Wintek	IST	Qualification testing, mass production expected in late May
	Sitronix	Qualification testing

■ **We expect to clear backlog in Q1 FY'05**

Objectives: Q4 FY'04

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Spring product launch

"**These two new Zires are carefully focused, nicely priced palmtops that will reward people who have waited this long [to buy a PDA]."** *David Pogue, The New York Times*

"continues palmOne's tradition of breaking new ground in the low-end market. While technically a handheld, perhaps the best way to describe the Zire 31 is the cheapest color MP3 player with PIM support ever." *Larry Garfield, InfoSync*

"A trio of multimedia must-haves are immediately apparent: a headphone jack, a slot for SD and MMC memory cards and a 1.2 megapixel camera that can also shoot low-res photos." *Wilson Rothman, Time magazine*

The Zire 31 is "a lot of handheld for a very small price." The 72 has an "extra-sharp color screen which makes your digital photos come to life." He writes, "Both new handhelds should continue palmOne's recent successful string of bringing worthwhile PDAs to the masses." *Gary Krakow MSNBC*

"[palmOne] deserves kudos for bringing higher-end features to cheaper models … The new Zires represent fine values in their respective price classes," he concludes. "I suspect the Palm fanatics who have been eagerly awaiting the PDAs' arrival will not be disappointed." *Edward Baig, USA Today*

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palmOne investment considerations

- **Large market opportunity**
- **Strategy tailored to industry dynamics**
- **palmOne has unique assets and capabilities**
- **Optimizing operating model to accelerate growth and increase profitability**

NON-GAAP MEASURES

To supplement the company's financial measures presented in accordance with GAAP, palmOne uses non-GAAP measures of certain components of financial performance, including operating income (loss) and net income (loss), which are adjusted from results based on GAAP to exclude certain expenses, gains and losses. These non-GAAP measures are provided to enhance investors' overall understanding of the company's current financial performance and the company's prospects for the future. Specifically, the company believes the non-GAAP results provide useful information to both management and investors by excluding certain expenses, gains and losses that may not be indicative of its core operating results. These non-GAAP results are among the primary indicators management uses as a basis for planning and forecasting of future periods and facilitating management's internal comparisons to the company's historical operating results and comparisons to competitors' operating results. In addition, because palmOne has historically reported certain non-GAAP results to investors, the company believes the inclusion of non-GAAP measures provides consistency in the company's financial reporting. These measures should be considered in addition to results prepared in accordance with generally accepted accounting principles, but should not be considered a substitute for, or superior to, GAAP results. These non-GAAP financial measures may also be different from non-GAAP financial measures used by other companies. Consistent with the company's practice, you can find the reconciliation of certain of the non-GAAP measures used in this presentation reconciled to the nearest GAAP measure posted to our Investor Relations website, http://ir.palmone.com.