



## Immersion Corporation Reports Record Net Revenues of \$2.5 Million for Fourth Quarter

SAN JOSE, Calif. Feb. 7, 2000--Immersion Corporation, (NASDAQ: IMMR), the pioneering developer of sensory interaction technology, announced today that fourth quarter 1999 total revenues were \$2.5 million, as compared with \$1.6 million in the fourth quarter of 1998, an increase of 52%. The fourth quarter 1999 revenue was comprised of \$1.0 million in royalty revenue, which was \$639,000 or 204% higher than the fourth quarter of 1998; product sales of \$1.3 million, which was \$185,000 or 16% higher than the fourth quarter of 1998 and development contract revenue of \$175,000, which was \$16,000 or 10% higher than the fourth quarter of 1998. The net loss for the quarter was \$632,000 compared to a net loss of \$255,000 recorded in the same period in the prior year. Basic and diluted net loss per share for the quarter was \$0.06, which remained unchanged as compared with the fourth quarter of 1998.

Total revenues for the year ended December 31, 1999 increased to \$8.0 million from \$5.0 million for 1998, an increase of 60%. The 1999 revenue was comprised of \$2.2 million in royalty revenue, which was \$1.9 million or 595% higher than 1998 royalty revenue; 1999 product sales of \$4.6 million, which was \$858,000 or 23% higher than 1998 product sales and 1999 development contract revenue of \$1.2 million, which was \$248,000 or 25% higher than the 1998 development contract revenue. Net loss, for the full year 1999 was \$4.4 million compared to a net loss of \$1.7 million in 1998. Basic and diluted net loss per share, for 1999 was \$0.66, compared to basic and diluted net loss per share of \$0.43 in 1998.

"We're very pleased with our fourth quarter results," said Victor Viegas, CFO at Immersion. "All three revenue groups showed solid growth, in particular, the royalty revenue increased significantly. In addition, we have made great progress in our new marketing initiatives, development projects and in developing improved corporate processes. Our fourth quarter was important to us for a number of reasons including, the completion of the Company's Initial Public Offering and the launch of the first TouchSense enabled mouse - the Wingman Force Feedback Mouse from Logitech (NASDAQ: LOGIY)."

About Immersion Corporation ([www.immersion.com](http://www.immersion.com))

Founded in 1993, Immersion Corporation develops advanced hardware and software technologies that enable users to interact with computers using their sense of touch. Immersion's patented TouchSense™ technologies, enable computer peripheral devices to deliver tactile sensations that correspond to on-screen events. Immersion licenses its hardware and software technology, on which it holds 42 issued patents worldwide, to industry-leaders in order to integrate and implement its sensory feedback into professional simulation and modeling, consumer devices, and enabling technologies.

All statements contained herein, as well as oral statements that may be made by Immersion or by officers, directors or employees of Immersion acting on Immersion's behalf, that are not statements of historical fact, constitute "forward-looking statements" and are made pursuant to the Safe-Harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of Immersion to be materially different from the historical results or from any future results expressed or implied by such forward-looking statements. Such risks and uncertainties are outlined in Immersion's Prospectus dated November 12, 1999 included in its Registration Statement on Form S-1 filed with the Securities and Exchange Commission. These factors may not constitute all factors that could cause actual results to differ materially from those discussed in any forward-looking statement. The Company is not obligated to revise or update any forward-looking statements in order to reflect events or circumstances that may arise after the date of this release.

Note to Editors: Additional background information on Immersion Corporation is available through our Web Site at [www.immersion.com](http://www.immersion.com).

Immersion Corporation  
Condensed Consolidated Statements of Operations  
(In thousands, except per share amounts)  
(Unaudited)

Three Months		Twelve Months	
Ended December 31,		Ended December 31,	
1999	1998	1999	1998

Revenues:				
Royalty Revenue	\$ 952	\$ 313	\$ 2,232	\$ 321
Product sales	1,326	1,141	4,583	3,725
Development contracts and other	175	159	1,223	975
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Total revenues	2,453	1,613	8,038	5,021
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Costs and expenses:				
Cost of product sales	653	435	2,106	1,507
Sales and marketing	761	120	1,801	656
Research and development	681	539	2,273	1,817
General and administrative	917	652	4,171	2,677
Amortization of intangibles and deferred stock compensation	469	161	1,339	211
In-process research and development	--	--	1,190	--
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Total costs and expenses	3,481	1,907	12,880	6,868
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Loss from operations	(1,028)	(294)	(4,842)	(1,847)
Other income	396	39	488	174
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Net loss	\$ (632)	\$ (255)	\$ (4,354)	\$ (1,673)
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Basic and diluted				
net loss per share	\$ (0.06)	\$ (0.06)	\$ (0.66)	\$ (0.43)
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Shares used in calculating basic and diluted				
Net loss per share	10,636	4,006	6,599	3,909
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Immersion Corporation  
Condensed Consolidated Balance Sheets  
(In thousands, except share and per share amounts)

	December 31, 1999 (Unaudited)	December 31, 1998 (Audited)
Assets		
Cash and cash equivalents	\$ 46,527	\$ 2,592
Short-term investments	4,781	402
Accounts receivable, net	1,064	1,111
Inventories	660	481
Prepaid expenses and other assets	1,057	99
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Total current assets	54,089	4,685

Property and equipment, net	591	329
Patents and technology, net	4,687	945
Other assets	71	--
 Total Assets	 \$ 59,438 =====	 \$ 5,959 =====
 Liabilities		
Accounts payable	\$ 750	\$ 410
Accrued compensation	180	171
Other accrued liabilities	503	82
Deferred revenue	1,316	--
Customer advances	39	46
Income taxes payable	2	1
	--	-
 Total current liabilities	 2,790	 710
 Redeemable convertible preferred stock	 --	 1,476
 Stockholders' Equity	 56,648	 3,773
 Total Liabilities & Stockholders' Equity	 \$ 59,438 =====	 \$ 5,959 =====