

Palm, Inc.
Charter of the Audit Committee
of the Board of Directors

(Amended and Restated Effective as of April 28, 2005; Name Updated as of July 14, 2005)

Purpose

The purpose of the Audit Committee (the “Audit Committee”) of the Board of Directors (the “Board of Directors”) of Palm, Inc. (the “Company”) shall be to: (a) oversee the accounting and financial reporting processes of the Company and audits of the financial statements of the Company; (b) assist the Board of Directors in oversight of (i) the integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the registered public accounting firm’s qualifications, independence and performance, and (iv) the Company’s internal accounting and financial controls; (c) prepare the report that the rules of the Securities and Exchange Commission (“SEC”) require to be included in the Company’s proxy statement for the annual meeting of the Company’s stockholders; (d) provide the Company’s Board of Directors with the results of its monitoring and recommendations derived therefrom; and (e) provide to the Board of Directors such additional information and materials as it may deem necessary to make the Board of Directors aware of significant financial matters that require the attention of the Board of Directors. In addition, the Audit Committee will undertake those specific responsibilities listed below and such other duties or responsibilities as the Board of Directors may from time to time prescribe.

Membership

The Audit Committee shall be composed of at least three directors of the Company. The members of the Audit Committee will be appointed by the Nominating and Governance Committee of the Board of Directors and will serve at the discretion of the Board of Directors. All of the members must meet the qualification and other applicable requirements, including, without limitation, the rules of the SEC and the Nasdaq Stock Market, as such rules and applicable legal requirements may change from time to time. The members of the Audit Committee are to be independent as determined in accordance with applicable law, including the Sarbanes-Oxley Act of 2002 (the “Act”) and the rules and regulations of the SEC promulgated thereunder, and the rules of the Nasdaq Stock Market, except as otherwise permitted by applicable law and the rules of the Nasdaq Stock Market. In addition, in accordance with the rules of the Nasdaq Stock Market, each member of the Audit Committee must be able to read and understand fundamental financial statements (including a company’s balance sheet, income statement and cash flow statement), and at least one member must have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background, including a current or past position as a chief executive officer or chief financial officer or other senior officer with financial oversight responsibilities. At least one member of the Audit Committee shall be an “audit committee financial expert” (as such term is defined by SEC rules).

Responsibilities

The responsibilities of the Audit Committee shall include the following:

1. Review the Company's internal audit plan, the results of each internal audit, and review the appointment and replacement of the senior internal auditing executive.
2. Review the registered public accounting firm's proposed audit scope, approach and independence.
3. Appoint, compensate, retain, oversee, determine the funding for, evaluate and, where appropriate, replace the registered public accounting firm (including attempting to resolve disagreements between management and the registered public accounting firm) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services and to comply with Section 301 of the Act and the rules and regulations promulgated by the SEC thereunder. Such registered public accounting firm shall report directly to the Audit Committee.
4. Pre-approve all audit and permissible non-audit services provided to the Company by the registered public accounting firm (or subsequently approve and ratify non-audit services in those circumstances where a subsequent approval is necessary and permissible); in this regard, the Audit Committee shall have the sole authority to approve the hiring and firing of the registered public accounting firm, all audit engagement fees and terms and all non-audit engagements, as may be permissible, with the registered public accounting firm.
5. Review the results of each audit, including any qualifications of the registered public accounting firm's opinion, any related management letter, any significant suggestions for improvements to management by the registered public accounting firm, management's responses to recommendations made by the registered public accounting firm in connection with the audit, reports submitted to the Audit Committee by the internal auditing department that are material to the Company as a whole, and management's responses to those reports.
6. Review and evaluate the senior members of the registered public accounting firm's team, in particular, the lead audit and reviewing partners.
7. Establish a policy regarding the hiring of current or former employees of the registered public accounting firm.
8. Review on a continuing basis the adequacy of the Company's system of internal controls, including meeting periodically with the Company's management and the registered public accounting firm to review the adequacy of such controls and to review, before release, the disclosure regarding internal control over financial reporting required under SEC rules to be contained in the Company's periodic reports and the attestations or reports by the registered public accounting firm relating to such disclosure. Among other things, these controls must be designed to provide

reasonable assurance that the Company's publicly reported financial statements are presented fairly in conformity with generally accepted accounting principles.

9. Consider major changes and other major questions of choice regarding the appropriate auditing and accounting principles and practices to be followed when preparing the Company's financial statements.
10. Review the procedures employed by the Company in preparing published financial statements and related management commentaries.
11. Oversee and review the Company's risk assessment and risk management policies and major financial risk exposures.
12. Obtain a formal written statement from the registered public accounting firm setting forth all relationships between the registered public accounting firm and the Company that, in the registered public accounting firm's judgment, may reasonably be thought to bear on independence, consistent with Independence Standards Board Standard No. 1.
13. Direct the registered public accounting firm to review, before filing with the SEC, the Company's interim and annual financial statements included in Quarterly and Annual Reports on Form 10-Q and Form 10-K, using professional standards and procedures for conducting such reviews.
14. Review any reports submitted by the registered public accounting firm, including the report relating to (i) all critical accounting policies and practices used, (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the registered public accounting firm, and (iii) other material written communications between the registered public accounting firm and management, such as any management letter or schedule of unadjusted differences.
15. At least annually, obtain and review a report by the registered public accounting firm describing the registered public accounting firm's internal quality control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the registered public accounting firm's firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more audits carried out by the registered public accounting firm, and any steps taken to deal with any such issues.
16. Generally discuss earnings press releases as well as financial information and earnings guidance, paying particular attention to the use of "pro forma" or "adjusted" non-GAAP financial information.

17. Oversee compliance with SEC requirements for disclosure of the registered public accounting firm's services and audit committee members, member qualifications and activities.
18. Discuss with the registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as it may be modified or supplemented.
19. Review and discuss with management and the registered public accounting firm the annual audited financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operation," prior to filing with the SEC the Company's Annual Report on Form 10-K in which they are included.
20. Review and discuss with management and the registered public accounting firm the quarterly unaudited financial statements and review the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operation" prior to filing with the SEC the Company's Quarterly Reports on Form 10-Q in which they are included.
21. Provide a report in the Company's proxy statement in accordance with the requirements of Item 306 of Regulation S-K and Item 7(e)(3) of Schedule 14A.
22. Serve as a channel of communication between the registered public accounting firm and the Board of Directors and between the senior internal auditing executives and the Board of Directors.
23. Report to the Board of Directors on the Audit Committee's review of the Company's financial statements and any disagreements or significant disputes between management and the registered public accounting firm that arose in connection with the preparation of those financial statements.
24. Review management's oversight of the Company's policies and procedures regarding compliance with law (including the Foreign Corrupt Practices Act) and with significant corporate policies (including the Company's standards and codes of conduct) and make recommendations to the Board of Directors concerning these matters.
25. Meet periodically with management to provide guidance concerning major capital expenditures, infrastructure investments, financial strategies and special projects and other significant financial matters.
26. Review, approve and monitor the Company's codes of ethics and similar codes of conduct.
27. Review, in conjunction with counsel, any legal matters that could have a significant impact on the Company's financial statements.

28. Oversee and review the Company's policies regarding information technology and management information systems.
29. If necessary, institute special investigations with full access to all books, records, facilities and personnel of the Company.
30. Establish procedures for receiving, retaining and treating complaints received by the Company regarding accounting, internal accounting controls or auditing matters and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
31. Perform such other duties as may be requested by the Board of Directors.
32. Review and approve all related party transactions for which audit committee approval is required by applicable law or the rules of the Nasdaq Stock Market.
33. Actively engage in a dialogue with the registered public accounting firm with respect to any disclosed relationships or services that may impact the objectivity and independence of the registered public accounting firm.
34. Take appropriate action to oversee the independence of the registered public accounting firm.

Annual Review

The Audit Committee shall annually review and assess the adequacy of its own charter (including the structure, processes and membership requirements of the Audit Committee) and recommend any proposed changes to the Board of Directors for approval. In addition, the Audit Committee shall annually review its own performance.

Meetings

The Audit Committee will meet at least four times each year. The Audit Committee may establish its own schedule, which it will provide to the Board of Directors in advance.

The Audit Committee will meet separately, at least quarterly, with each of management, the internal auditors and the registered public accounting firm to review the financial affairs of the Company.

Outside Advisors

The Audit Committee shall have the authority to engage independent counsel and other advisors, as it deems necessary to carry out its duties. The Company shall provide for the appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the Board of Directors, for payment of: (i) compensation to any such counsel and other advisors engaged by the Audit Committee; (ii) compensation to the registered public accounting firm employed by the Company for the purpose of preparing or issuing an audit report or performing other audit, review or

attest services; and (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

Minutes

The Audit Committee will maintain written minutes of its meetings.

Reports

In addition to preparing the report in the Company's proxy statement in accordance with the rules and regulations of the SEC, the Audit Committee will summarize its examinations and recommendations to the Board of Directors as may be appropriate, consistent with the Audit Committee's charter.

Compensation

Members of the Audit Committee shall receive such fees, if any, for their service as Audit Committee members as may be determined by the Board of Directors in its sole discretion. Such fees may include, without limitation, retainers, per meeting fees and fees for service as Chair of the Audit Committee. Fees may be paid in such form of consideration as is determined by the Board of Directors.

Members of the Audit Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board of Directors or any committee thereof or as Chairman of the Board of Directors or Chair of any committee of the Board of Directors.

Delegation of Authority

The Audit Committee may form and delegate authority to subcommittees when appropriate. In addition, the Audit Committee may delegate to one or more designated members of the Audit Committee who are independent directors the authority to pre-approve any transaction for which such delegation is permissible under applicable law and the rules of the Nasdaq Stock Market, provided that such pre-approval decision is subsequently presented to the full Audit Committee at its scheduled meetings.